House Prepares to Vote Against Clinton

Passage of at Least One of 4 Articles Seems Certain nation, it did not merit impeachment.



eaker-elect Bob Livingston, who told Republican members of the House Theaker-elect Bob Livingston, who this defense Page 3. That he had had adulterous affairs. They rallied to his defense Page 3.

Ugly and Getting Uglier

The Decline of Civility in American Politics, On Vivid Display, Shows No Sign of Abating

Japan Investors Scurry

Into Pre-Euro Currencies

Rejection of Dollar Could Reverberate in U.S.

By Dan Balz Washington Post Service

WASHINGTON - A decade of destructive partisanship, personal attack and win-at-all-cost politics has crysfallized in Washington this week, and the question no one can begin to answer where it will end.

The extraordinary events of the last few days suggest that the simple civilities that once helped to lubricate the rough game of politics are being swept

ician by key Republican leaders of President Bill Channe's decision to innich a military strike against had on there appears to be no meaning the game any other way. the confession by the House speakerdesignate, Bob Livingston, of marital indiscretions, any semblance of normality in the conduct of public life has

evaporated.
Last week this city reminded people of Beirut in the 1980s," said Kanneth Duberstein, former chief of staff in the Reagan administration. "It now reminds people of the napalm-

By Philip Segal

HONG KONG — Earlier than many

observers expected, Japanese investors are shifting out of U.S. dollars and into

the currencies of Emope, a move that

threatens a weaker American currency

even before the curo is introduced at the

What appears to be driving the move

into the European single currency is an peasing belief that it will be popular

wan central banks seeking to balance and

diversify their holdings of reserves now held mostly in dollars. The euro also

appears to be gaining favor with bor-rowers who previously depended on dol-lar-denominated bond markets and will

now have the choice of a new more, highly

the euro by Asians, and in particular by Japan, is the one thing the Americans

walk in great fear of at the moment, and Noriko Hama, an economist at the

I would suspect there have been requests on the part of the Americans to the

lapanese not to do this sort of thing."

What makes a big move into the enro frightening for Washington is that Japan

is the world's second-largest holder of U.S. Treasury debt, with \$264.5 billion,

after Britain. Enough sales of U.S.

bonds could depress prices and drive up

American interest rates, just as the U.S.

Federal Reserve may feel the need to cut

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litsubishi Research Institute in Tokyo.

liquid market denominated in euros. A major expons from the dollar into

end of the month.

bombed Vietnam: total scorched earth. It is very sad for this place." This descent into the swamps of conflict, suspicion and raw partisanship has been

coming for years As a former official in the Clinton administration put it late Thursday, "If you rip away the civility from our politics, the country and our institutions pay a

ANALYSIS terrible price."

That price is the growing disillusionment by the public toward political life in Washington and a coarsening of the system designed to resolve differences peacefully and hon-orably. Despite thetoric to the contrary, there appears to be no incentive to play-

in kind. Judging from reactions, no one Fach expres will be able to convince Republicans that the news about Mr. Livingston's private life was not instigated by Demo-

cratic opponents. Nor can many Democrats be convinced that the impeachment proceed-

See POLITICS, Page 5

rates to keep the world's largest econ-

omy from sliding into deflation and

The change of heart in Japan toward currencies that will be fixed to the euro

has been dramatic: In May, Japanese investors bought \$5.6 billion in U.S.

medium- and long-term bonds, and just

\$3.3 billion in combined French and German debt. By October, according to

Japanese Ministry of Finance figures released this week, the Japanese were net sellers of U.S. debt, but bought \$7.8 billion worth of French and German

There is more than \$2 trillion avail-

able in Japan to move into the enro.

Analysts also estimate that at least

three-quarters of the world's foreign

__ See EURO, Page 15

By Brian Knowlton International Herald Tribune

WASHINGTON — A profoundly divided House prepared Friday to vote to impeach Bill Clinton for "willful, premeditated, deliberate corruption of the nation's system of justice." It would be the first time in 130 years that a U.S. president has been subjected to the indignity of impeachment.

A somber special session was held over objections from Democrats, who condemned the notion of debating the president's removal from office while U.S. forces were engaged in attacks

against Iraq. After 13 hours' debate on Friday, far less than Democrats wanted, the House was to vote Samrday on four articles of impeachment. They accuse Mr. Clinton of two counts of perjury and one each of obstruction of justice and abuse of power in his handling of his affair with Monica Lewinsky, a former White House intern.

Passage of at least one article appeared a near-certainty after an 11-month drama that has shaken the Clinton presidency, preoccupied the Congress and raised grave concerns abroad about U.S. leadership and reliability.

The revelation Thursday that the House's speaker-elect, Representative

Bob Livingston, Republican of Louisiana, has himself carried on adulterous affairs added to the anguish of congressmen, and Americans generally, who are holding Mr. Clinton to a moral standard that many argued was designed

for another century Not since 1868 has a House impeached a president.

"No man or woman, no matter how highly placed, no matter how effective a communicator, no matter how gifted a manipulator of opinion, or winner of

can be above the law in a democracy, said Representative Henry Hyde, Republican of Illinois and chairman of the Judiciary Committee, which brought the articles to the full House.

Mr. Hyde sought to impart a grave and principled tone to the debate, drawing on historical references from Mosaic law to the Magna Carta to Benjamin Franklin.

'It's not a question of sex' or of lying about sex, he said. Rather, he accused Mr. Clinton of the "willful, premeditated, deliberate corruption of the nation's system of justice.

Democrats argued that while Mr. Clinton's behavior deserved condem-

They warned that impeachment would make attacks on future presidents easier and they said that by blocking a vote on censure, the Republicans were thwart-

ing the people's will. There is no fairness in this process, there is no justice and there is no dignity." said Representative Sheila Jack-son Lee, Democrat of Texas.

crats were deeply • If Mr. Clinton goes to trial, he may upset, they said, not find the upper house friendly. that the Republicans refused to al-Page 5. • The Republicans press on despite polls supporting the president and the attack on Iraq. Page 3. ment in the debate even as U.S. planes

were launching missiles from the skies over Iraq.
The Democratic whip, Representa-

tive David Bonior of Michigan, accused the Republicans of "hijacking the Constitution

Representative John Conyers, also a Democrat from Michigan, denounced what he said was "a Republican coup d'etat," part of a "perversely partisan

'Impeachment,' said Mr. Conyers, the ranking Democrat on the Judiciary Committee, "was designed to rid this nation of traitors and tyrants, not attempts to cover up extramarital affairs.

This resolution trivializes our most im portant tool to maintain democracy.

Impeachment opens the way to a Senate trial of Mr. Clinton next month. To remove him from office would require the votes of 67 of the 100 senators. White House aides insisted that on

this darkest of days for the president, Mr. Clinton's attention remained focused on other matters.

He met with Chancellor Viktor Klima of Austria and Jacques Santer, president of the European Commission.

Mr. Clinton divided his remaining time between briefings on the Iraq situation and on routine White House events, including a meeting with an

AIDS advisory group.

He has appeared weary and resigned in recent days to the conclusion that the House vote will forever link his name in the history books to that of President Andrew Johnson, who was impeached 1868 but narrowly escaped conviction the Senate, and to that of President Richard Nixon, who resigned in 1974 rather than face likely impeachment.

On the House floor Friday, there were brave and angry speeches, outraged speeches, preachy and academic speeches and flashes of eloquence between wooden recountings of the details

See CLINTON, Page 5

3d Attack Targets Iraqi Military Sites

Results From First Waves of Strikes Are Mixed

WASHINGTON - American and British warplanes launched a third wave of strikes on Iraqi military installations on Friday, as Pentagon officials de-scribed light Iraqi resistance but mixed results from the first waves of strikes.

The United States and British forces are continuing to attack a wide range of military targets," Defense Secretary William Cohen said at a news conference at the Pentagon. "We have ongoing op-

erations. • The chief UN weapons inspector The new strikes denies he drafted his report to serve unfolded as the U.S. war aims. Page 4. • Skeptics debated ask why President Clinton changed whether to imhis mind on bombing. Page 2.

peach President Bill Clinton on under oath about an extramarital affair. targets remain intact. And President Saddam Hussein of Iraq

took to the airwaves to urge his people to continue their resistance.

Working against feeble Iraqi resistance, American and British forces were, for the most part, hitting their intended targets, according to General Henry Shelton, chairman of the Joint Chiefs of Staff, He said that there had been some glitches, however. Initial bomb-damage assessments indicate that only a small number of the 75 targets attacked were

destroyed or severely damaged. "Not all have gone as planned,"

General Shelton said. More than 200 combat aircraft sorties were flown in the second night of at-tacks, and the United States has hurled more cruise missiles at Iraq - just under 300 — than were launched in the 1991 Gulf War. For its part, Iraq's armed forces

claimed in a communiqué Friday that they had shot down 77 of 305 missiles fired by U.S. and British forces in the first two days of air strikes.
A senior U.S. defense official said

that with the success of the strikes so far

and the absence of vigorous defense by Iraq, commanders were leaning toward ending the attacks this weekend

A Pentagon briefing Friday in Washington by military experts indicated that istration would most likely order a halt to the strikes so that the U.S. military can affirm it has accomplished the objective of reducing Iraq's capability to threaten neighbors with weapons of mass destruction.

But the senior defense official said the United States

right" to go back in a matter of weeks or months and strike again if intelligence indicates that some key

Addressing his people for the first time since the air strikes began early Thursday, Baghdad time, President Saddam said: "Continue your resistance and, by God's will, you will be victorious. You are representing justice and all the great characteristics against

His rhetoric contrasted with the light resistance being put up by Iraqi forces. "If there is any surprise it's the complete lack of response' by Iraqi forces, said Vice Admiral Scott Fry, an intelligence officer on the U.S. Joint Staff.

In London, Prime Minister Tony Blair gave his most direct warning to date Friday that he and President Clinton were hoping to oust Mr. Saddam from power. Speaking with journalists in his Downing Street residence, Mr. Blair attacked the Iraqi leader as a liar and said he would continue to pose a threat as long as he remained in office in Baghdad. Which is one of the reasons why,

without setting it as an objective of this campaign, we are doing all we can to

See IRAQ, Page 4



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AGENDA

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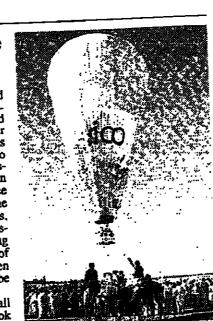
Page 10.

Sports -

Ulster Parties Agree To Install Reforms

Northern Ireland's Protestants and Roman Catholics agreed Friday to specific governmental reforms designed to give minority Catholics more power in the British province. But the leaders of the new Assembly again declined to deal directly with the problem of disarmament of the Irish Republican Army, which has blocked the peace effort since it was approved in the spring. While that problem remains, the leaders decided to create the historic new structures now, postponing until early next year the appointment of officials to them, hoping that by then the disarmament issue would be

Meanwhile, disarmament by a small Protestant paramilitary group took place Friday morning in a nearby warehouse, witnessed by General John de Chastelain, the former chief of staff of the Canadian Army, who heads the disarmament commission. Page 7.



UP, UP AND AWAY - Balloonists trying to be the first to circle the globe nonstop lift off. Page 4.

Islamic Foes Chip Away At Mahathir's Coalition

By Thomas Fuller International Herald Tribune

IITRA Malaysia — In the brilliant green paddy fields across from the prime minister's house are a half-dozen symbols of defiance, flags belonging to an Islamic opposition party eager to unseat him in his own constituency.

There is anger and disaffection in the northern home state of Prime Minister Mahathir bin Mohamad and it shows in more than just flags attached to trees and telephone poles in and around his dis-

The Islamic Party of Malaysia, or PAS, says it has won over hundreds of Mr. Mahathir's supporters. The party's official newspaper, Harakah, has increased its circulation in the prime minister's constituency four-fold in recent months to 10,000 per issue.

While anti-government protests in Kuala Lumpur have disappeared for now and Mr. Mahathir seems

to have strengthened his hand in the capital, the power base of the prime minister's party — Malaysia's northern rural heartland — is being eroded.

The very people whom Mr. Mahathir championed when he came to power 17 years ago are today abandoning his party in favor of the Islamic opposition, potentially weakening his party's position in the country's multiracial gov-

eming coalition. Allies of the prime minister are puzzled by the strength of the oppo-. sition in Mr. Mahathir's parliamentary district of Kubang Pasu, just south of the border with Thailand, which has re-

ceived much government largesse. 'Mahathir has done so many things' for his constituency, says Saad Hashim, the prime minister's special adviser "Why are people against him?" Mr. Mahathir's foes say they are con-

cerned about the state of Islam in the See MALAYSIA, Page 5

Skeptics of U.S. Policy Ask Why Clinton Changed His Mind on Bombing

By Serge Schmemann

NEW YORK - In 1991, the American-led attack on Iraq was perceived the world round as a wondrous demonstration of military skill. Almost eight years later, with Saddam Hussein unbowed, unrepentant and untamed, the hightech bombings are generating far more questions than awe.

Even setting aside the unavoidable questions about the link between the bombings and impeachment, foreign policy experts are asking why the Clinton administration has so forcefully changed its mind, after long arguing that dislodging President Saddam could create a dangerous vacuum, or that serious bombing would endanger the task of Unscom, the United Nations inspectors charged with ending Iraq's development of weapons of mass destruction.

And the experts are asking exactly how the administration intends to control Iraq's arms programs now that the inspectors have been withdrawn, and what it will do about Mr. Saddam and his ambitions should he remain in

"I'm not from the school that says everyone is liar, but they have not convinced me, nor people like me who follow this, why this makes sense now, and why it didn't before, " said Leslie Gelb, president of the Council on Foreign Relations in New York and a former columnist for The New York Times.

'They haven't convinced me that they can find or destroy the places where Saddam keeps the chemical and biological stuff, or that he can't ANALYSIS rebuild it rather quickly. They haven't convinced me that this is better than

having Unscom there.' Indeed, military officials have said that they deliberately avoided bombing of suspected biological and chemical weapons plants for fear of unleashing deadly poisons.

Other experts argued that the new attacks represent not so much a change in policy as the latest reaction to the most formidable foreignpolicy puzzle since the American-led alliance

stopped short of toppling Mr. Saddam in 1991. Since then, Mr. Saddam has succeeded in surviving, and in defying every turn of the eco-

nomic and military screws. 'Iraq policy may not be the most important one," said Phebe Marr, a fellow at the Wilson Center for International Scholars in Washington. "Russia, China, the world economy are all much more important, but Iraq poses some incredibly

difficult policy problems. "There are no good answers in Iraq, only ones that are less good. At every turn we have to plot what course to take now. If we could get Unscom back in and could compel Saddam to comply, we'd all feel better. But that means Unscom has to be doing its job.'

With every successful defiance of international threats, force or demands, Mr. Saddam has ensured that the next action would have to be tougher. Now the administration has declared that one of its goals is to bring about his down-

The change is critical. However unpopular Saddam is, ousting him was never officially

adopted as a goal by the Security Council, and there was a sense in the State Department and among some experts outside government that without a viable alternative his fall would create a chaotic power vacuum that could destabilize

Indeed, that argument stands. There is no indication that the fractured Iraqi opposition in exile is in any better shape today.

Given the history of the past eight years, a key question is whether air attacks, however severe, will pry Mr. Saddam loose without an operation on the ground, one that would inevitably entail casualties.

'Saddam's a disaster, but will this get rid of him?" asked William Quandt, a former National Security Council official under Presidents Richard Nixon and Jimmy Carter. "We know what we want, but we're not prepared to pay the price to do it. Bombing is the compromise choice that makes us feel better, that we're somehow punishing Iraq, though not necessarily Saddam, and we won't take any significant risks of casualties

Politically, the bombings and the call for M. Saddam's overthrow already represent a major

In the past, the Arabs have angrily contrasted the pressures on Mr. Saddam to what they perceive as lack of pressures on Israel to live by its obligations.

This may feed the feeling, even unfairly, among Arabs - and Europeans, too - that this is domestically driven rather than by a desire to bring balance to the region," said Zbigniew Brzezinski, a former National Security Policy adviser to Mr. Carter.

But the greatest challenge will come when the smoke clears, when the United States must decide what to do if Mr. Saddam is still in power, or if he is not

If he remains, argues Robert Kagan, a senior associate with the Carnegie Endowment for International Peace, Mr. Saddam could emerge greatly strengthened, putting pressure on the United States to take ever harsher action. And if does not, the United States would have to community a large force to support any new government.

As Precaution, U.S. Shutters 40 Embassies **Across Africa**

By Robert Pear New York Times Service

WASHINGTON - The United States has closed 40 embassies in Africa for at least two days to protect employees against possible terrorist repris-als for the American air strikes on Iraq, administration officials said.

Secretary of State Madeleine Al-bright said Thursday that the administration was taking the highly unusual step of closing so many embassies "because we are concerned about general threats and the heightened situation."

State Department officials said that two of the largest and busiest American embassies, in South Africa and Nigeria, remained open.

The embassies in Kenya and Tanzania, which were hit by terrorist bombs in a gust, were among those closed arsday. Administration officials said است the 40 embassies were closed, in part, to avoid a repetition of such attacks, which killed more than 250 people and

wounded more than 1,000. Other embassies closed included those in Angola, Ethiopia, Ghana, Kenya, Liberia, Mozambique, Namibia. Senegal, Uganda, Zambia and Zimb-

The scope of the closings, even on a

temporary basis, was believed to be unprecedented, and several State Department officials expressed doubts about whether it was necessary to close so many embassies. But a spokeswoman for the depart-

considered. A number of African posts have received threats in recent weeks, and our caution is fully justified in the current circumstances

At the U.S. Embassy in Abidjan, Ivory Coast, a spokeswoman said, "We haven't received any specific threat, but it is better to be on guard and take precautions instead of having regrets

As a protective measure, the State Department also issued a worldwide warning to Americans abroad to be aware of possible retaliatory action and to take precautions.

■ Tighter Security in U.S.

Federal buildings in Washington have been placed on a maximum state of alert and authorities have tightened security at airports around the country on Thursday, bracing for any potential re-taliation for U.S. and British air raids against Iraq, Reuters reported. The General Services Administra-

tion, which oversees federal buildings, said security had been raised to a max-imum state of alert from a heightened security alert.

Security was visibly tighter up on Capitol Hill, where regular workers noticed more guards on duty and inspections of car trunks taking place in House

and Senate parking lots.
Security in the United States was last tightened a notch in August when Amer-ica launched missile attacks at alleged terrorist sites in Afghanistan and Sudan.



Riot police deployed outside the mosque at University of Jordan in Amman, where hundreds of students attended a pro-Iraq rally after Friday prayers. The demonstrators called on Baghdad not to bow to U.S. "aggression."

Travel Industry Fears Financial Fallout

By Edwin McDowell New York Times Service

NEW YORK -- Even if the U.S. and British bombing of Iraq ends in a matter of days, the uncertainty it has created could linger and hurt airlines, hotels and others in the travel industry at the height of the holidays.

Travel industry spokespeople say that a terrorist reprisal against a target in the West or an Iraqi strike against Israel would presumably halt much international travel, as it did shortly before, during and after the Gulf War of 1991.

On Thursday, United Airlines canceled its daily round-trip flight between London and New Delhi, citing the Iraq situation. It planned to resume regular London-New Delhi service Sunday, but via Dubai.

"So far this is only a skirmish, so not many people are likely to postpone their flights," said Michael Boult, an international air travel specialist for Rosen-bluth International, a travel-management company. "But it depends on the degree of escalation. If it becomes a fullscale conflict like the Gulf War, or at the first sniff of terrorist activity, lots of people will cancel or postpone.

Executives at airlines and airports in the United States, while reluctant to discuss the subject publicly, acknowledge that they began tightening security when the missile attacks began this past week. But security has already been at a high level since late August, they added, when the United States attacked targets in Sudan and Afghanistan with cruise missiles.

Thursday, for example, dogs trained to detect explosives patrolled John F. Kennedy International Airport in New York and O'Hare International Airport in Chicago. The police at Kennedy towed illegally parked cars.

Travel agents, however, said they had

not received any cancellations. "I think people are so used to hearing about the possibility of terrorism, especially from Iraq, they no longer panic," said Richard Earls, president of the Summit Travel Group in Winston-Salem, North Carolina. But if the conflict escalates, he said, "I think you'll see people who had. planted to visit overseas, turning to domestic destinations and the Caribbean."

Many travel agents warned glients to get to the airport early and to carry identification. The National Business Travel Association reiterated a warning that members headed for destinations considered dangerous or chancy should travel in pairs, vary their routines and notify the local embassy or consulate of

The number of passengers on U.S. airlines fell 44 percent on trans-Atlantic routes in 1991, according to the Air Transport Association, and 20 percent on Pacific routes. As a result of the slowdown, airlines trimmed flights and flew smaller planes, 40,000 U.S. airline employees were laid off and several airlines petitioned for bankruptcy. Two U.S. car-riers, Eastern and Pan American, financially weak even before the Gulf War, were so damaged that they sold their international routes in a desperate but ultimately futile effort to stay afloat.

French Leaders Struggle Amid an Anti-U.S. Mood

By Craig R. Whitney
New York Times Service

PARIS - French leaders bit their tongues again Priday and tried to restrain growing indignation over continued British and American bombing

raids against Iraq.
Publicly, French officials said that
President Jacques Chirac called Prime Minister Tony Blair in London to discuss a new basis for United Nations arms inspections in Iraq, whose refusal to satisfy demands by UN arms inspectors set off the bombing early

Thursday.
Mr. Chirac also called President Bill Clinton on Thursday night "to try to find a way out of the crisis," as the French president put it to reporters outside the Elysee Palace.

Privately, Mr. Chirac was said to be seething at his American and British colleagues for tossing diplomacy aside and sending in their cruise missiles and bombers. Prime Minister Lionel Jospin, a So-

cialist, expressed himself more openly during a visit to Canada, saying the bombing raids were perhaps "inevitable" but not "necessary

Only two weeks ago, Mr. Chirac and Mr. Blair stood side-by-side in the Breton port of Saint-Malo and made a historic declaration in support of a European defense capability to match the common European currency that will On Friday, French howspapers said the idea of a common European policy on fraq was clearly bankrupt. "London follows Washington, as

usual," wrote the center-left daily Liberation, while the center-right daily Le Figaro noted that except for France, most of Europe had lined up with the United States.

"You see today how important it would be to have a common European foreign policy," Foreign Minister Joschka Fischer of Germany said in Copenhagen, according to a Reuters report. "If we had developed a common European foreign policy, I think today we would have very much better feelings in Europe in this very difficult

While Chancellor Gerhard Schroeder said again Friday that Germany held Iraq solely responsible for the resort to force, Mr. Fischer said, "We regret the situation that now force is used, and we hope that politics will come back again

WEATHER

and find solutions to fulfill the resolution of the Security Council."

In France, Liberation's main news article accused the chief UN arms inspector, Richard Butler, of distorting inspection findings so as to give President Clinton an excuse to begin the bombing, and an editorial in France's most influential newspaper, Le Monde, Cailed for Mr. Butler's resignation.

But it was not only Mr. Butler who

credibility with the French was clearly at an ebb. President Clinton's face was greeted POL

with boos and hisses when it was proected on a screen at the Theatre des Champs-Elysees on Thursday night to introduce a concert capping a year of Gershwin centennial celebrations, with the Orchestre National de France conducted by Seiji Ozawa.

"We're here for the music," Judith Pisar, an American living in Paris who co-organized the event, appealed to the audience.

Well-dressed people of a certain age in the expensive seats gestured and shouted at jeering younger ones high in the upper balconies. When Mr. Clinton, in a taped wel∵ರ್.

Jil --

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high and the

come to the concert that mentioned Mrs. Pisar, began a sentence with "Hillary and I," there was widespread snickering and laughter.

Prench officials ascribed derision of

President Clinton to the unpopularity of the bombing in Iraq, but his troubles over the Monica Lewinsky affair appears to have eroded respect for him here.
While Mr. Blair went out of his way Thursday in the House of Commons to

say that Mr. Clinton was still his friend, Mr. Chirac did not follow suit. Many French newspapers continued

to suggest that the main reason Mr. Clinton had unleashed the bombers was to try to fend off impeachment by the House of Representatives, even though it postponed debate on the issue only by a day. The debate began instead Fri-

Leaders of the three leftist parties supporting Mr. Jospin's governing co-alition called for a demonstration Saturday against the bombing at the Tro-cadero Palace, where the universal declaration on human rights was pro-claimed 50 years ago.

Meanwhile, the Dutch police weighed in with truncheons against several hundred Iraqi demonstrators outside the U.S. Embassy in The Hague on Friday afternoon.

TRAVEL UPDATE

Civilian Pilots Change Flight Paths Over Gulf

MANAMA, Bahrain (AFP) — Civilian airliners have altered their flight paths over most of the Gulf to give a wide berth to warplanes on combat sorties against Iraq, a pilot said Friday.
"Airline pilots on private flights us-

ing the corridors over the northern and central Gulf have received instructions to modify their paths to avoid the zone of operations," said Fakhri Tuweig, a helicopter pilot for an oil company.

Air Controllers' Strike **Disrupts Greek Flights**

ATHENS (Reuters) — A six-hour work action by Greek air-traffic controllers disrupted many flights in and out of Greece on Friday, and more of the same was expected Saturday.

"About 60 percent of all flights will be canceled or delayed," said Pandelis Andonopoulos, the union general sec-retary. "The same holds for Saturday."

French Airport Strike

PARIS (AFP) — A one-day strike Friday by fuel crews at 10 of France's busiest airports caused major delays and forced the cancellation of numerous lights, airport authorities said.

The Paris, Bordeaux, Marseilles, Lyon, Lille, Nice, Montpellier, Mulhouse and Toulouse airports were affected. U.S. and Asian airlines said their longdistance flights had not been disrupted.

After five years of research and testing on commuters, Paris-area transportation officials unveiled a scent called "Madeleine," 1.5 tons of which they said would be added monthly to cleaning products to introduce notes of 'countryside, woods, flowers and fruit" in Metro stations.

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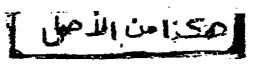
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حكذامن الأصل

Speaker-Elect Keeps His Party's Support After Baring His Adultery

By Francis X. Clines and Katharine Q. Seelye New York Times Service

WASHINGTON - Speaker-elect Bob Livingston has told his fellow Republicans that he has carried on adul-terous affairs in the past, but he stopped just short of offering to resign his House leadership.

"My fate is in your hands," he said Thursday, according to Republican members of the House of Representatives, who said the party conference rallied to his defense, giving him a standing ovation.

The stanning admission was made just hours after Mr. Livingston, 55, led Republicans in a decision to press ahead Friday morning with the impeachment charges against President Bill Clinton for perjury and other alleged wrong-

Joing in covering up his affair with Monica Lewinsky.

"It has suddenly come to my attention that there are individuals working together with the media who are ing together with the means who are investigating my personal background in an effort to find indiscretions which may be exploitable against me and my narty on the eye of the uncoming hisparty on the eve of the upcoming his-toric vote on impeachment," Mr. Livingston said in a statement. It was issued after he appeared before a shocked House Republican conference to make his disclosure as it began to surface in

The Republicans later drew distinctions between the speaker-elect's revelations and the Clinton scandal

Democrats offered no immediate comment. All along, most Democrats have decried the investigation of the president as a partisan and unfair rum-

maging through his sex life. Mr. Livingston's reluctant admission underlined growing anxieties hanning the impeachment showdown, with members of Congress far from certain that the private lives of additional lawmakers will not become subject to disclosure.

"To those who are investigating me or others of my colleagues, please un-derstand that I will not be intimidated by these efforts," Mr. Livingston said. se efforts will not deter me from performing my sworn duty under the Constitution as a member of Con-

Saying that he had sought spiritual counseling and had received the for-giveness of his family, Mr. Livingston noted that he had several times told reporters during his campaign to be-come speaker that "I was running for speaker, not sainthood." He added,
"There was a reason for those words."

"During my 33-year marriage to my wife, Bonnie, I have on occasion strayed from my marriage, and doing so nearly cost me my marriage and family," Mr. Livingston said in his brief prepared statement. But he attempted to draw a contrast with the allegations against the president, asserting: "I want to assure everyone that these indiscretions were not with employees on my staff and I have never been asked to testify under oath about them."

The disclosure of the speaker-elect's marital infidelities, disclosed in Roll Call, a Capitol Hill newspaper, sent a new jolt of uncertainty among lawmakers before the momentous debate over the president's admitted misbehavior in office and whether he should be impeached by the House and tried by

Henry Hyde, Republican of Illinois and chairman of the House Judiciary Committee — the man who is bringing the impeachment charges against the president - was revealed to have had an extramarital affair in his distant past. And Representative Dan Burton, Republican of Indiana and a frequent critic of Mr. Clinton, acknowledged that he had a child out of wedlock years ago and said he was compelled to disclose this because Vanity Fair magazine was in-

vestigating his background. On Thursday night, Republicans voiced suspicions that Democratic defenders of the president had instigated media investigations in an effort to em-barrass Mr. Clinton's principal accusers. But no proof was offered. A White

House spokesman categorically denied that administration officials were using the media for retaliatory rumor-mon-

Mr. Livingston left the conference

surrounded by Capitol police, not taking questions from reporters. His leadership aides immediately rallied in support.
"Some who would rather not struggle with this constitutional question con-tinue to try to twist the debate into an

anseemly investigation of private lives," said Representative Dick Armey, the Republican majority leader. In its report on the Internet on Thursday night, Roll Call did not reveal its source but made an oblique reference to Hustler, the sex magazine. Larry Flint, publisher of Hustler, earlier this year advertised an offer of a \$1 million bounty for the disclosure of members of Congress who are guilty of sexual in-

Allan MacDowell, executive editor of

In recent months, Representative Hustler, confirmed that the magazine was working on the article but said "no information came from the White House' and added that one source was "someone involved in Republican politics."

He said the magazine was working on articles about other lawmakers to expose "Republican hypocrisy." Speaking of Mr. Livingston, Mr. MacDowell said, "He is not the only one with a gun

Republicans expressed sympathy for the speaker-elect.

'Ît breaks your heart because we're all subject to human frailties," said Representative Asa Hutchinson, Republican of Arkansas, as he left the conference.

"This is not a comfortable circumstance for anyone," he added, insisting that the president and the speaker-elect presented two separate issues.

Other Republicans seemed even more dedicated to the impeachment ef-

fort Representative Bob Franks, Republican of New Jersey, said the indiscretions were "extraordinarily differ-

"One is between Speaker Livingston and his wife," Mr. Frank said. "The other involves felonies committed by the president of the United States."

lgnoring Danger, Republicans Press On

While Some in Party Worry About a Backlash, Others Want Quick Action

By Richard L. Berke New York Tones Service

WASHINGTON - The polls show Americans do not want President Bill Clinton impeached. And they show that the public is squarely behind the pres-

ident's bombing of Iraq.
Nonetheless, Republican leaders are not only questioning Mr. Clinton's motives in attacking Iraq, but rejected pleas by Democrats to put off the House debate on impeachment.

By pressing forward, even brazenly, against the president, Republicans are inviting attacks that they are so impatient to exile Mr. Clinton that they are rushing heedlessly forward to conduct a public vote on an unseemly scandal while American troops are in harm's

Some Republicans worry that their party is increasingly perceived as motivated by a ferocious partisanship and a desire to cripple Mr. Clinton.
In their zealous pursuit of Bill Clinton

are they doing long-term damage to their political interests? Many Democrats hope so and some

Republicans fear they are right. But others in the Republican Party insist they must press forward at any cost. Not only do they believe, fervently that Mr. Clinton should be impeached but they are also determined to act quickly before he somehow finds a way

Representative Todd Tiahrt of Kansas said that when his party's caucus met Wednesday night, members ex-pressed fears that a delay would give the president time to find a way out.

Representative Bob Barr of Georgia, who backed impeachment before anybody heard of Monica Lewinsky, put it

this way: "The administration will try to pull anything out of a hat. Whether it's a rabbit or a red herring remains to be

Still others are confident that by the

next elections, in 2000, the events of this week will be long forgotten. Republicans said they had grown so

distrustful of Mr. Clinton that they cannot help but question his motives. That is why many Republicans say they were unapologetic about their accusations that Mr. Clinton's order to bomb Iraq was an attempt to put off the impeachment debate, which originally had been scheduled to begin Thursday. It was

rescheduled for Friday. Whitfield Ayres, a Republican pollster, said, "Very few Republicans are willing to give this president the benefit

Mr. Ayres said it was Mr. Clinton who appears suspect because the attack on Iraq "deepens the cynicism among people who already think this guy will say anything or do anything to retain

Representative Michael Oxley of Ohio said of Mr. Clinton: "He's manipulated our military and his advisers for his own preservation. You'd have to be basically retarded not to think there was some manipulating going on."

Many Republicans argue that Mr. Clinton has lost such credibility and is so mistrusted that most Americans would not blame any Republican for questioning his motives.

Still, some in the party warned privately that the party's lawmakers should show more restraint because they risk being viewed as obsessed with impeachment at any cost. The admission Thursday night by Representative Bob Livingston of Louisiana, the incoming House speaker, that he "on occasion strayed from my marriage' could only further weaken the Republicans' efforts to undermine Mr. Clin-

Already, polls show that the Republican Party's image has suffered in recent weeks; the long-term risk for the party would be if it was unable to shed image of naked partisanship before the 2000 elections.

While many Republicans questioned Mr. Clinton's motives in bombing Iraq, many in the party said they were particularly stunned that Senator Trent Lott of Mississippi, the majority leader, asserted on Wednesday that "both the timing and the policy are subject to

Lawmakers have often denounced a president's military operations, but they usually do not do so at the moment of

More commonly, senior members of Congress in both parties rally behind the president to display a united front and out of deference to the fact that the administration has more access to con-

fidential information. For the time being, at least, the comments by Mr. Lott, and the Republican push to open the impeachment debate, ave Democrats grist for trying to shift the discourse to the insensitivity of Republicans while American troops are

Only a few days ago, the White House was struggling in an uphill battle to save Mr. Clinton from being impeached. While that threat seems un-diminished, Republicans were on the defensive Thursday. They found themselves responding to attacks by Democrats that they were so single-mindedly out to get the president that they dared to question his motives - and refused to postpone the impeachment vote for several days.

Even Mr. Lott backed off from his statement on Wednesday night, and insisted Thursday that he himself had not questioned the president's motivations but that he was responding to the concerns of others.

Representative Herbert Bateman of Virginia reminded fellow Republicans that they might regret the political fallout of rushed action.

'We should not be perceived as doing things too precipitously by going ahead as if none of this had happened."

POLITICAL

Black Lawmakers Oppose Bombing

WASHINGTON — Several members of the Congressional Black Cancus have announced their opposition to the attack on Iraq and denounced President Bill Clinton for making the decision without consulting Congress or working to build a

consensus in the United Nations first. The members of the caucus have been among Mr. Clinton's most loyal supporters throughout the Monica Lewinsky scandal this year, and several members said they would contime to support the president in his impeachment fight. But some of those members, upset by Mr. Clinton's de-cision to take military action, said even though they did not question the president's motivation, it might be difficult to convince others it was not polit-

· 24

ically influenced "We have to have the U.S. giving leadership in the UN and not deciding unilaterally who we should strike an offensive on," said Representative John Conyers Jr., Democrat of

Michigan Representative Jesse Jackson Jr., Democrat of Illinois, said in a statement "The justification of sustainability, the loss of innocent lives and the question of proportionality remain a great concern of mine. President Bill Clinton will have to have the most comprehensive moral, rational and national security defense of his military action against Iraq in order to sustain his presidency."

Gore Carries Ball For the President

WASHINGTON - With bombs falling on Iraq and an impeachment vote nearing in the House, Vice President Al Gore has taken an unusually



OLYMPIC DANCING - President and Mrs. Clinton, joining Special Olympics athletes in a dance during ceremonies in Washington honoring the events that group mentally retarded participants.

visible role in defending President Clinton and the military actions that have spurred deep skepticism from

many Republicans.
Soon after Mr. Clinton's address to the American public Wednesday night, Mr. Gore appeared on five TV networks. Thursday night, aides said, he was preparing to appear on several regional networks as well as British TV. In addition, as one of Mr. Clinton's

senior advisers on matters of national security, the vice president has spent a considerable part of the last few days informing other senior administration officials, as well as lawmakers, former Presidents Carter, Ford and Bush and foreign leaders of the plans to attack. As one example, Mr. Gore was di-

rected by the president to convey the U.S. position to Prime Minister Yev-geni Primakov of Russia. Aides to Mr. Gore said their 20-minute conversation Thursday was the highest level of contact between the two countries. (NYT)

Quote/Unquote

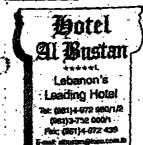
Edward Collins of Daiwa Securities, on the prospect of a presidential impeachment: "It's probably sacrilegious to say it, but I don't think who-ever is in the White House has as much to do with what goes on in the business world or the market as the fact that right now the Federal Reserve is being extremely friendly.

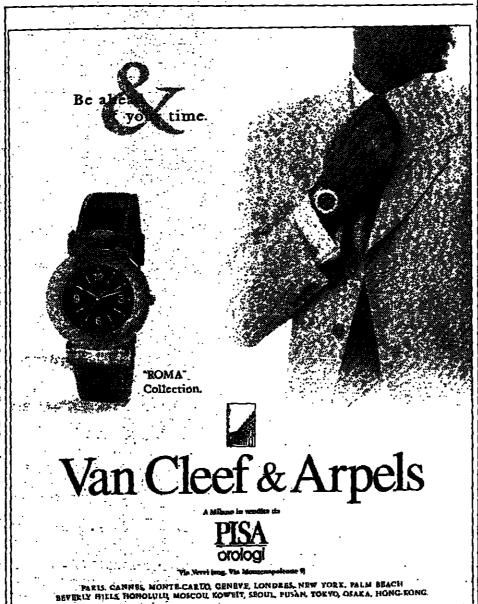
Away From **Politics**

 A federal and state investigation has led to criminal charges against nearly 1900 telemarketers. Attor-ey General Janet Reno annonnced Taped conversations by FBI agents posing as customers revealed

 Teenagers who have one baby are much less likely to have a second than they were in the early 1990s, the federal government reported. (WP).

 A Maryland teenager vhose three quadruple transplants made him a focus of debate is back home in what his family hopes is the end of a six-year ordeal. Daniel Canal, 14, was allowed to come home Dec. 11 after a biopsy showed no signs that his body was rejecting the stomach, liver, pancreas and small intestine he received in June. Some ethicists questioned the wisdom of allotting 12 organs to a single patient





Jesus went to Jerusalem (III)

"And he said: 'You blind leaders, you strain out a small fly and swallow a camel.

Woe to you scribes and pharisees, hypocrites, for you clean the outside of your cups while inside there is nothing but greed and selfishness. . .

I send prophets and wise people and experts in the law of Moses to you. But you will kill them and some of them you will scourge in your synagogues.

O Jerusalem, Jerusalem who kills the prophets and stones those who are sent to her! How often I wanted to gather your children...' "

MATTHEW XXIII



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UN Weapons Inspector Denies Serving U.S. War Aims

By Barton Gellman

WASHINGTON - At about 2 P.M. Tuesday, as the chief United Nations arms inspector, Richard Butler, labored with a fountain pen over his report on Iraq, the White House chief of staff. John Podesta, was informing congressional leaders that U.S. forces would launch an attack on Iraq the following day.

Almost four more hours would pass before Mr.

Butler finished drafting his finding of Iraqi obretary-General Kofi Annan. Yet, aboard Air and U.S. Force One, en route back from the Middle East. formally. President Bill Clinton had already ordered the bombardment of Iraq that would be dubbed Operation Desert Fox.

Clinton administration officials acknowledge that they had advance knowledge of the language Mr. Butler would use and sought to influence it, as one official said, "at the margins."

Because Mr. Butler's report is described as the

trigger for the American and British air campaign, this sequence of events has brought fierce attack on the chief of the UN Special Com-

the UN. Sergei Lavrov, backed by China and some of Mr. Annan's senior advisers, has leveled accusations that Mr. Butler drafted his stark conclusions to serve Washington's war aims.

[Iraq's deputy prime minister, Tariq Aziz, accused Mr. Butler on Friday of collaborating with the United States in his finding to justify what Mr. Aziz called "the aggression" by the United States and Britain against Iraq, Reuters reported from Baghdad.

["There was coordination by the U.S. government and Butler about the content of the report and the timing of the report, "he said, citing U.S. struction and walked the first copy up to the 38th and the timing of the report," he said, citing U.S. floor of UN headquarters in New York for Secand U.S. officials before his finding was issued

[He called Mr. Butler a "pawn in the hands of the United States" and said a "Zionist clique" around Mr. Clinton had orchestrated the attacks

Mr. Butler, an Australian diplomat and an expert on arms control who has served as his country's delegate to the United Nations, came out swinging Thursday against such charges. 'I want to say it as simply and as plainly as I

can," he said in New York. "That report was based on the experts of Unscom. It danced to no one's time. It was not written for anyone's pur-

poses, including, as some of you have suggested, for the purposes of the United States."

Mr. Butler said "the simple conclusion that Iraq did not keep its promise of full cooperation" that Mr. Butler gave far more equivocal progress in the next keep its promise of full cooperation."

"honest, factual and objective."

A high-ranking U.S. official, speaking on condition of anonymity, used unusually blunt lan-guage to criticize "the source of the accusation here, which is the Russians, who have been. unfortunately, apologists for Saddam Hussein for some time." Mr. Butler, the official said, informed the U.S. delegate to the UN, Peter Bur-leigh, over the weekend that "he had concluded there wasn't cooperation and that Unscom couldn't do its job." He added. "There's nothing mysterious about it."

Among the circumstances cited by those who suspect Mr. Butler of coordinating with Washington on a rationale for war, three stand out: Mr. Butler made four visits to the U.S. mission to the United Nations on Monday, the day

before finishing his report.

• Administration officials acknowledge they had advance knowledge of the language he

 Mr. Butler ordered his inspectors to evacuate Baghdad, in anticipation of a military attack, on Tuesday night - at a time when most members trigger" for war, insisted that Washington did

reports to them, in the days leading up to his written report, than his final conclusion that he was "not able to conduct the substantive disarmament work" because of the "absence of full cooperation by Iraq." One New York-based dip-lomat said, "What we were told by Butler for weeks was yes, we've hit some roadblocks, but the inspections are going on.

Ewen Buchanan, the Special Commission's spokesman, said those who "accuse him of being rosy then and gloomy now" overlook "the catalogue of problems that built up over the period."
As early as Nov. 19 — four days after Mr. Clinton called off an attack on Iraq — the Baghdad government was telling Mr. Butler that documents known to be in Iraqi archives did not exist. That same week, according to two administration officials, U.S. intelligence intercepted orders by the Baghdad government to its military units to

destroy the documents Mr. Butler had requested.
A senior U.S. official, acknowledging that
American interaction with Mr. Butler was a natural subject of interest because "Butler is the



Mr. Butler, whom Iraq accused of being a "pawn in the hands of the United States."

nothing to toughen the Special Commission's

"I would tell you in the strongest possible terms that we reacted to Butler's conclusions and did not shape his conclusions," the official said "He did share with us his preliminary conclusions. We reacted to them and asked him questions, and we reacted to his final public report with a decision to use force."

Saudis Limit U.S. Aircraft Hitting Iraq

By Douglas Jehl New York Times Service

MANAMA, Bahrain - More than half of the U.S. strike aircraft in the Gulf region have been kept out of the attacks on Iraq because of objections from Saudi Arabia. Western military officers said

Of the 100 fighters and bombers at bases in the region, only those in Kuwait and Oman had joined in the air campaign by Friday evening, the officers said.

The bulk of the force, about 60 F-16

and F-15 fighters, has remained mostly on the ground in Saudi Arabia, which has repeatedly refused to permit attacks against Iraq to be launched from its soil. We have not asked the Saudis for

permission to use aircraft from their bases," Captain Michael Shavers, a U.S. Air Force spokesman, said by phone The only reason the question was not

said, was that the answer would have The episode has underscored the limitations on U.S. military forces in the Gulf region, where anger over the Amer-

ican-led attack was vented by many newspapers Friday. In the United Arab Emirates, the daily Al Khaleef called the air strikes an act of "blatant aggression" and urged others to follow the emirates' example in de-manding an immediate end to the at-

Letting it pass without a stand means that the Arabs have become a whipping boy for the American empire." newspaper said.

The U.S. aircraft that have joined in the attack include four B-1 bombers advanced aircraft have joined in a combat operation.

But the Saudi opposition to including Saudi-based aircraft in the attacks has forced the United States to rely heavily on what in most cases are less capable aircraft on a navy carrier in the Gulf to back up what has been primarily a cruise missile attack.

Over the last 13 months, U.S. officials. Albright and Defense Secretary William Cohen, have made repeated visits to Saudi Arabia and other Gulf countries in hopes endorsement by all six Gulf countries of a declaration last month that Iraq alone would bear the blame for the consequences of its refusal to cooperate with United Nations weapons inspectors.

But Saudi Arabia, the main base of U.S. combat operations against Iraq dur- a missile storage facility and a missile ing the Gulf War of 1991, has been so production plant. clear in its opposition to permitting Saudi-based planes to take part in further Friday, Mr. Cohen said that there had attacks on Iraq that the Americans stopped asking permission months ago.

And as recently as last month, the Saudi defense minister, Prince Sultan ibn Abdulaziz, reiterated the Saudi view by stating publicly that his government would not permit any attacks against Iraq to be launched from Saudi soil.

U.S. officials have sought to gloss over the dispute, saying they are confident that Saudi Arabia, a key ally in the region, would provide any support needed. In the current operation, Western military officials said, Saudi Arabia has allowed KC-130 refueling aircraft based on its soil to service other strike aircraft on their way to and from targets

in Iraq. Saudi-based American fighter planes have also continued to fly noncombat missions, the officials said.

Speaking on condition of anonymity, they said they had no doubt that the United States would have preferred to use the Saudi-based planes in the new bombing, "What is the purpose of having all that firepower there if it can't be used?" a Western military official

Even though American officers have put heavy dependence on cruise missiles, on the first night of the attack, F-14 and F-18 fighter aircraft were launched from the carrier Enterprise at the rate of one a minute, officers aboard the vessel

said. The fact that those aircraft, along with fighters from Kuwait and the B-1 bombers from Oman, have been included in the operation has illustrated the their precision munitions in the raids against Baghdad.



A crew member loading laser-guided bombs Friday on the Enterprise.

the attack include four B-1 bombers based in Oman — the first time those IRAQ: Resistance Light as 3d Wave Begins

Continued from Page 1

bring about an end to his rule," Mr. Blair said. "There is no doubt about that whatever."

Confirming that British Tornado bombers based in Kuwait were in action for the second successive night, Mr. Blair said that the United States and including Secretary of State Madeleine Britain were on course to achieve their military objectives.

erupted Friday in a half-dozen Arab capof winning support for combat operations itals, with many demonstrators asserting against Iraq. Those efforts resulted in the attacks were President Clinton's way damage, 2 had light to moderate damage, agreed the U.K. and Russia should work of squirming out of the consequences of his affair with Monica Lewinsky. In an echo of the Gulf War, Pentagon

officials showed aircraft videotape of laser-guided bombs slamming into an array of targets, including radar stations,

As the third wave of strikes continued been no U.S. or British casualties. Rear Admiral Thomas Wilson, a se-

nior official on the Pentagon's Joint gravity bombs on a variety of targets. Staff, said that Iraq had yet to fire any surface-to-air missiles at the attacking aircraft. One reason is Iraqi reluctance to expose hard-to-replace military equipment to attack. Another is the destruction of air-defense radar systems during the first phases of the strike.

The southern Iraq air defense system has been degraded," Admiral Wilson said. "It has not been completely destroyed.

U.S. aircraft drop leaflets over Iraqi forces in southern Irao that implored

threaten neighboring Kuwait or Saudi Arabia. The messages in Arabic said the forces would be attacked if they mobilized but spared if they stayed put, General Shelton said.

In a reflection of the difficulty of precision air strikes even against light resistance, Admiral Wilson showed charts indicating that only a handful of targets were judged to have been destroyed, with some misses and some

Anti-American protests, meanwhile, moderate damage, rupted Friday in a half-dozen Arab cap-2 had severe damage and I was de-stroyed. Damage to the remaining 14 was still being assessed using recon-

naissance photographs. Of 18 command and control facilities. 5 were destroyed, 5 were severely damaged, 2 sustained no damage, 2 had moderate damage and 4 were being as-

B-1B bombers, a weapons system that dates from the 1970s, were used for the first time in combat missions, dropping

Pentagon officials said that on the first night of raids on Iraq, U.S. missiles demolished military intelligence headquarters in Baghdad and destroyed four barracks of the elite troops responsible for protecting Mr. Saddam and his weapons programs.

Damage at the sites, the officials said,

would undermine Iraq's ability to conceal or expand its arsenal of weapons of mass destruction. The attacks also advanced the parallel, undeclared intent of U.S. planners to strike at the foundations of Mr. them to stay in their bases and not Saddam's power. (AP. Reuters. WP) in opposition to the attacks and are furi-

Russia Recalls Envoys to U.S. and U.K.

Strikes on Iraq Could Damage Relations With NATO, Moscow Warns

MOSCOW - Russia recalled its ambassadors to Washington and London for consultations on Friday to protest the U.S. and British air strikes on Iraq, and it vowed to rethink its security strategy, including relations with NATO.

Foreign Minister Igor Ivanov also told Secretary of State Madeleine Albright that further air strikes could seriously harm U.S.-Russian relations.

But the Kremlin, its hands tied by a deep economic crisis, said it would not sever relations with its Western partners and that it was vital to avoid a full-scale confrontation. Things must be called by their

names: A military strike is a military strike," Dmitri Yakushkin, President Boris Yeltsin's press secretary, said at a news conference. "This is impermissible. They must be stopped,"

But he added: "There can be no talk of a break in relations with Britain and the United States. We must not let things slide into confrontation."

A Foreign Ministry press release quoted Mr. Ivanov as telling Mrs. Albright in a telephone conversation that "if this action is not stopped, Russian-American relations can seriously suffer." He urged the United States to abandon

the use of force in Iraq and to return to the search for a political solution in the United Nations Security Council. Everything must be done to rule out

a setback in our relations," Mr. Ivanov said. The press release added, "Mrs. Albright fully agreed with this point of Russia's withdrawal of its ambassa-

dors, Yuli Vorontsov from Washington and Yum Fokin from London, was one of Moscow's angriest ripostes since the end of the Cold War. Interfax news agency said it was the

first time Moscow had recalled an ambassador to the United States since World War II and the first time it had withdrawn its envoy to Britain since 1971, when London expelled 105 Soviet diplomats. Russia's protest stems, in part, from

its long-standing ties to Iraq. Prime Minister Yevgeni Primakov, a former foreign minister and senior intelligence official, has maintained close relations with Baghdad since Soviet days.

protest, made it clear Friday that any diplomatic moves in the crisis would have to wait until the military campaign Foreign Secretary Robin Cook spoke

together in the postmilitary phase" of the crisis, a British spokesman said. He added that the tone was "friendly throughout."

Russia's Communist-led Parliament registered its dissent by shelving plans to ratify the START-2 treaty slashing strategic nuclear arms. Winning approval of the treaty from Russia has been a major objective of the United States and one that had seemed tantalizingly close. A vote on the treaty, which was widely expected to be approved, was scheduled

for next Friday.

The Parliament also overwhelmingly adopted a resolution urging Mr. Yeltsin to abandon UN sanctions against Iraq unilaterally and to take immediate steps to resume full economic and military cooperation with Baghdad.

It earlier passed a resolution calling the U.S. and Britain "international tertorists. Duma resolutions are not binding on

the president or government and are often ignored. Russian politicians are for once united

UN Security Council, giving Russia no chance to use its veto as one of the five permanent members.

But Moscow's ability to respond is limited. Its role on the world stage has declined since Soviet days and it is dependent on the International Monetary Fund, in which Washington is influential, for loans to help it through its economic crisis.

ous that the United States bypassed the an overall security rethinking that could create a new Cold War-style divide. The situation that has arisen de-

mands careful analysis and a correction to our approaches to the problems of international security," Defense Minister Igor Sergeyev said in a statement.

His international cooperation chile. Colonel General Leonid Ivashov, said, "If Russia's opinion continues to be ignored, Moscow will be forced to Russia's military called into question its embryonic relations with the North and may become the leader of that part of Atlantic Treaty Organization on Friday and said the Iraq crisis was forcing it into diktat."

world society which disagrees with (Reuters. NYT)

Branson's Balloon on Course

MARRAKESH, Morocco - The British entrepreneur Richard Branson and his former rival, Steve Fossett, an American, were on course Friday in their attempt to be first to fly nonstop round the world in a hot-air balloon. Their 61 meter-high (200-foot-high) balloon took off from southern

They planned to ride wind currents eastward over northern Africa on a it. route that will take the pair, with a Swede, Per Lindstrand, more than 20 countries, including Algeria, Libya, Saudi Arabia, India and Japan.

About seven hours after lift-off the ICO Global Challenge was cruising at 8,900 meters over the Atlas Mountains, according to Jackie McQuillan. a spokesman for ICO Global, a mobile phone company supporting the trip.

happened to make them think it won't attempt this winter.

be a successful flight," she said. The balloon was expected to cross into eastern Algeria before dawn Saturday, she added.
Initial concerns that the balloon

might have to pass over northern Iraq have abated. Current weather conditions would carry the bailoon between 80 and 160 kilometers (50 and 100 miles) north of Iraqi airspace and the missiles and planes moving through

"This flight around the world would have taken nine and a half days, but for the Iraqi problem," Mr. Bran-son said. "Now, we will be happy to complete the voyage in 10 to 20

days."
Mr. Branson, 48, and Mr. Fossett, 54. have battled each other in past. attempts for the record. Seven more crews across the globe are in varying "They are very happy with how it's stages of preparation to challenge going so far, and nothing has them but only four are ready for an (Reuters, AP)

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Fighting Flares in Brazzaville

Refugees Flee Army-Militia Clash in Suburb of Capital

Compiled by Our Staff From Disputches

BRAZZAVILLE, Congo Republic — Panic gripped the center of Brazzaville, London, unmoved by the Russian capital of the Congo Republic, for a second day Friday, with reports of shooting and explosions from the southern suburbs of the city, while refugees fled fighting between the army and rogue militias. Shops and offices closed, witnesses

said, and inhabitants sought safety in their homes after the city spent the night without electricity. Telephone service was limited to the center of the city. Witnesses across the Congo River in Kinshasa, the capital of the Democratic

Republic of the Congo, reported hearing explosions and seeing columns of smoke. The police fired on looters taking advantage of the disorder in the Brazzaville southern suburb of Bakongo, and civilians were fleeing the area, witnesses said Friday. The suburb is the former stronghold of the exiled opposition leader and deposed prime minister, Bernard Kolelas. A looting rampage there by army re-

cruits caused panic Thursday before armed police restored order. Casualties were reported by civilians fleeing the area, although the numbers

were unclear. There was no immediate statement from the government of President Denis Sassou-Nguesso, which has sent its army against opposition militias operating south and west of the capital in the oilproducing Pool region. General Sassou-

Nguesso was in Burkina Faso attending

an Organization of African Unity summit meeting on conflict in Africa.

General Sassou-Nguesso, the former military ruler, overthrew Mr. Kolelas and President Pascal Lissouba in October 1997 with the help of Angola after a showdown that killed at least 10,000 people. Mr. Lissouba is also in exile. -The 1997 conflict, which derailed a

planned presidential election, was largely confined to Brazzaville. General Sassou-Nguesso has promised elections within three years. (Reuters, AP)

Terrorist Warning In South Africa

CAPE TOWN — After homemade bomb was thrown and synagogue in Cape Town, the South African police warned Friday about retaliation against the American and British bombing attacks on Iraq.

Compiled by Our Staff From Disputches

'We don't want to put fears into people, but we have a responsibility to say to people that we might have problems and please be careful. Ganief Daniels of the South African Police Services said on public radio. The synagogue was bombed in the Wynberg suburb. Nobody was hurt. in the explosion but the buildings was damaged. (Reuters, AP)

Iragis Put On a Brave Face but Give Sketchy Details of Air-Raid Damage

By Howard Schneider Washington Post Service

BAGHDAD - From strident Friday prayers to a newspaper illustration of President Saddam Hussein astride a white charger slaying a serpent with a lance, Iraqis sustained a defiant official face against American and British air attacks that for a second night targeted military and industrial sites

throughout the country, Iraqi officials have been hesitant to provide much detail about the damage done, limiting reporters' access to a handful of civilian facilities that have sustained shattered glass and other minor damage, apparently related to explosions at nearby target sites. The nature of the damage and buildings displayed suggests that the attacks have so far importance of ground-based aircraft and maintained their focus on military, industrial and government targets.

There was damage visible from the street, for

example, to the Iraqi Military Industrial Corp., an office in the past associated with Iraq's weapons programs. Though the explosion at the building was visible Thursday night to reporters gathered at the Iraqi Ministry of Information, officials would not allow a tour, or openly acknowledge which building was hit.

On the outskirts of town, United Nations officials decided to evacuate another 100 humanitarian workers after a series of strikes at a nearby government building shook their headquarters at the Canal Hotel.

At a press conference Friday evening, Deputy Prime Minister Tariq Aziz confirmed that several of the country's presidential palaces had been hit, as well as most of the industrial and other sites on a list of facilities that a UN weapons team was monitoring by camera, site visits and other

By contrast, the sites to which Iraqi officials are means of ensuring the country dismantles its bi-

escorting journalists include the Saddam Teaching Hospital, where glass was shattered by a nearby explosion, a maternity hospital where ceiling tiles were dislodged by the same concussion, and a damaged road and private home.

Those sites included the Baghdad Museum of Natural History, where a piece of a missile crashed through the ceiling, shattering windows and the glass enclosure of two stuffed tigers. Pieces of the missile were collected by workers

from the outside of the building, which is near the Iraqi Ministry of Oil. At the press conference, Mr. Aziz both called President Bill Clinton a proven liar and said that the

bombs being dropped on Iraq spelled a possible end to UN weapons monitoring in the country. He said Iraq would never again accept the regime of weapons inspections and international trade sanctions imposed on it after the Gulf War as a

ological, chemical and nuclear weapons programs.

'Iraq cannot tolerate both sanctions and Unhe said, referring to the United Nations scom, Special Commission that has been overseeing the UN disarmament program in Iraq.

After saying that the raid was orchestrated by a "Zionist clique" in Mr. Clinton's cabinet, including Secretary of State Madeleine Albright, Defense Secretary William Cohen, and the national security adviser, Sandy Berger, Mr. Aziz said that Iraq no

longer had the means to retaliate against Israel.
"When we had the means, we did that," he said. "Unfortunately, and I am saying it as an Arab a an Iraqi, we don't have such means." In a taped statement aired on Qatar television,

Mr. Saddam said there was no compromise being offered or planned. "We are not frightened by anyone other than God, and we are not going to bow, only to His sacred face," Mr. Saddarn said.



المكذامن الأصل

White House Wonders, How Friendly Is Senate?

Focus of Lobbying Shifts to the Upper House

By Alissa J. Rubin, Elizabeth Shogren and Edwin Chen

Clinton were impeached by the House, the less partisan Senate would never expel him from office.

Now though as Senate Republicans

a month from now, two monus now, three months from now, if the situation deteriorates, it could happen."

The Senate arithmetic appears to

Now, though, as Senate Republicans dismiss any talk of compromise and at least a few Senate Democrats speak privately of resignation, the White the 100 senators. Even if the 55 Releast a few Senate Democrats speak privately of resignation, the White House is beginning to fear that Mr. Clin-thn may not find the Senate as friendly a

forum as he once had hoped.

So concerned is the White House staff that it already has shifted its lobbying focus from the House to the Senate, where Mr. Clinton has few friends.

There is a growing consensus among Republicans on Capitol Hill that any early deal with the president - such as by the former Senate Roy Bob Dole, is off the table. the censure proposal advanced this week by the former Senate Republican leader,

"We will go to a trial, said Trent Lott, the leader of the Senate's Republican majority. "And there won't be any deal-

making as we begin our job."

That is a formula for keeping the issue before the public for weeks or even months, which could further undermine

support for the president. It's a fair reading to say that there are at least a few Democratic senators who Livately believe that it would be the best thing to have the president resign;" said Paul Simon, a former Democrat senator

However, Mr. Simon added, Democrats recognize that Mr. Clinton is a

to urge him to leave the White House voluntarily.

"There's a general feeling that he wouldn't consider doing it." Mr. Simon said, "so that I think it's unlikely a WASHINGTON — Long before the delegation would go and ask him to."

Mr. Simon added, "Now it could be that a month from now, two months from

> publicans vote as a bloc, they will need help from 12 Democrats. (In the House, where a majority can pass articles of impeachment. Republicans need no Democratic support and they expect little.) But the president may face a more delicate problem than the numbers suggest. While there may never be the votes for conviction, a request from members of his own party that he resign — as leading Republicans asked of President Richard Nixon in 1974 — would be equally damaging. Mr. Clinton's sup-

porters are trying to stop any such movement before it gets started. Publicly, Democratic senators brush

aside talk of resignation. "I have not heard that," said Senator Christopher Dodd, Democrat of Con-

Helping the Democrats keep close ranks is the sharply partisan tone that the Republicans have taken toward Mr. Clinton. "The fact that the impeachment vote was so partisan and the debate so strident has helped solidify Democratic end it all quickly by asking for his resigsupport," said Senator Robert Torricelli, Democrat of New Jersey.

Further overwhelming majority of ing for a speedy trial. fighter and no one is trying at this point Democrats who will not support im-



Trent Lott, the leader of the Republican majority in the Senate, saying that the timing and policy of the assault on Iraq would be investigated. Earlier, Mr. Lott said that if Mr. Clinton were to go to trial in the Senate, "there won't be any deal-making as we begin our job."

resist starting a trial.

because Mr. Clinton has few, if any, close allies among them.

The prospect of a trial is filled with political uncertainty for both parties. hile it could make Republicans look as if they were dragging things out and failing to work on issues that matter to the country, it could also lead more people to view the president as the problem and put pressure on Democrats to

For that reason, Democrats are press-'We ought to begin immediately so

peachment." But the official conceded this can be dispensed with immeditate did not mean the Democrats would ately," Mr. Dodd said. "This is an extraordinary step the House is taking," he However White House officials face a added, "and having an American prestough audience in Democratic senators ident dangling too long as an impeached president can impose some serious problems for foreign policy as well as domestic policy.

All sides agree that the situation in the Senate is extremely fragile. Either party could get the upper hand; the equation could be tipped by how the public regards the performance of Mr. Clinton and the Republicans during the House impeachment vote and the bombing

*Wherever public opinion is will have a massive effect on all of the conservatives and moderates in our party,"

was a single Democrat who voted for it."

In reality, 10 Senate Democrats, includ-

ing Vice President Al Gore, then a senator

from Tennessee, and 86 House Demo-

CLINTON: Impeachment Vote Readied

Continued from Page 1

of Mr. Clinton's relationship with Ms. Lewinsky — yet virtually every mind already had been made up. Both sides followed a script without surprise, following party lines almost without ex-

Only after four hours of debate did one Republican, Representative Peter King of New York, say that he would oppose impeachment. A supporter of censuring Mr. Clinton for his efforts to conceal an intimate relationship with Ms. Lewinsky, Mr. King said he was troubled by the direction the nation was heading.
Still, there were poison and fury and

electricity in the air.

Suspicion by some Republicans that the attack on Iraq was ordered by Mr. Clinton to divert attention from impeachment was echoed by Democratic anger that Republicans insisted on going ahead with the bearings even as the war continued.

The stunning admission by Mr. Livingston that he had had extramarital affairs brought further fury, as some Re-publicans accused the White House of leaking the story and presidential aides angrily denied the charge.

Fellow Republicans said they excused Mr. Livingston for his behavior and took pains to draw distinctions between his

conduct and that of Mr. Clinton. Representative Richard Gephardt, Democrat of Missouri and the House minority leader, used that revelation to deplote the stark decline in civility in Washington politics and congressional

conduct "The events of the last days sadden me," he said. "We are now at the height of a cycle of the politics of negative attacks, character assassination, personal smears of good people, decent people, worthy people. It's no wonder to me and to you that the people of our country are cynical and indifferent and apathetic about our government and about our

Several speakers said they feared the Congress was descending into a selfdestructive spiral of brutal and personal political warfare, of attack and revenge, with no end in sight.

Mr. King said he was deeply troubled by the trend he was witnessing.

'Where are we going as a nation?' he asked. "We are a nation consumed by investigation, by special counsels, we are driving good people from govern-

Representative Charles Schumer, Democrat of New York, warned, "My fear is that when a Republican wins the White House, Democrats will demand payback." He warned of an "escalating chain of revenge.

Mr. King sought in vain to marshal a movement in favor of censure.

A California Democrat, Tom Lantos, lashed out at the Republican leadership

"To hide behind these phony technicalities demeans this House," he said, adding that Republicans knew censure would be legal and constitutional, and

would be approved. And Mr. Conyers said, "I cannot recall a single occasion when the Democrats denied the Republicans the ability to offer an alternative on a matter as

momentous as this." Republicans insisted that the Constitution did not provide for censure.

They almost universally condemned Mr. Clinton for behavior that they said had brought his office into disrepute. jeopardized the rule of law and set a

harmful model for young Americans. 'The president turned the justice system upside down on many occasions for his personal gain," said Representative Lindsey Graham, a South Carolina Re-

Democrats objected strenuously, an-

Hillary Clinton Makes an Appeal For Reconciliation

WASHINGTON — Hillary Rodham Clinton, speaking as the House of Representatives debated impeaching her husband, issued a plea for reconciliation Friday "to end divisiveness" in the country.

Mrs. Clinton, asked to comment on the impeachment proceedings, said Washington's focus should be on the problems facing many Americans rather than the woes facing President Bill Clinton.

"The vast majority of Americans share my approval and pride in the job the president has been doing for our country," she said outside the White House, the U.S. Capitol dome visible in the background.
"I think in this holiday season, as we celebrate Christmas and Ha-

nukkah and Ramadan and it's time for reflection and reconciliation among people, we in our country ought to practice reconciliation and we ought to bring our country to-gether." Mrs. Clinton said.

"We ought to end divisiveness, because we can do so much more together," she said. Mrs. Clinton spoke following an

event promoting a safe-driving "red ribbon campaign" sponsored by Mothers Against Drunk Driv-

Mrs. Clinton spoke only briefly with reporters, answering just one question before walking away.

grily, imploringly, but in the end futilely on a variety of grounds, including the war with Iraq. Starting this proceeding today may wind up costing American lives," said Representative Martin Frost of Texas. "The majority may well have blood on its hands by starting this proceeding today."

But Representative Sam Johnson, Republican of Texas who, during the Vietnam War, spent three years in a North Vietnamese prison camp, said that Mr. Clinton's actions "have made a mockare a nation consumed by scandal. We ery of the people who fought for this country - and are fighting for this nation today - the Constitution and the laws we live under.

Some Democratic speakers also cau-tioned that a Senate trial could lead to instability of financial markets. Republicans responded by calling on Mr. Clinton to spare the country such uncertainty by resigning.

A Republican clamor for resignation

appears likely to follow an impeachment vote. But a presidential spokesman, Joe ckhart, said again F would not happen.

Democrats said that the people's will, as expressed in two presidential elections, the recent congressional election and opinion polls, was being thwarted.

After the Republicans' disappointments in the Nov. 3 elections led to a general assumption that Mr. Clinton would never be impeached, momentum turned dramatically against him in the last few weeks.

And Mr. Clinton, who has been considered one of the great political escape artists of the modern era, a man who had charmed, cajoled and maneuvered his way out of narrow scrapes time after time, proved unable to escape one of the darkest historic smudges that could besmirch a presidency.

While he kept a low profile during the day, his wife, Hillary Rodham Clinton, made a plea for reconciliation from the

POLITICS: The Decline of Civility in Washington Shows No Sign Now of Abating

people of the napalm-

Continued from Page 1

ings represent anything more than partisan payback for accumulated

It is hard to say where it all started. Senate confirmation battles — the most process has disappeared in the welter of notable being those of the Supreme Court nominees Robert Bork and Clarence Thomas - that turned into open warfare between the parties and between opposing cultures in the country? The and worked for him resignation of the House speaker Jim acknowledge Wright, Democrat of Texas? The electrical privately that he tion of Mr. Clinton? The Republican takeover of both houses in 1994?

are now familiar to an increasingly disconnected country: negative campaigns. the relentless exposure of the private lives of politicians, a political system corrupted by huge amounts of money, war-room politics, government by permanent campaign, accelerated news cycles and a destroy-your-opponent

This conflict has intensified for several reasons. One is that the political landscape is so evenly balanced between the two parties right now. Neither Republicans nor Democrats can gain the upper hand, but each is determined to win it all in every election. Every skirmish becomes a significant battle.

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Act Name of

Another factor is that the parties too often have found that the politics of polarization win elections, whatever the cost to governing. At times, the two parties have allowed their extreme yvings to dominate, at the expense of the tempt to show his fellow Republicans a

middle. Civility has become a casualty. There is no question that the events of 1998 have rubbed raw the nerves of deliver an eloquent statement of Amerpartisans on both sides and that the impeachment vote has added to the bitter feelings in both parties. The notion of Vietnam? Watergate? A succession of impeachment as a solemn and sober

> partisan argument. Mr. Clinton may feel like a victim as the House began the impeachment debate, but even those who have defended him every day, 365 days a year."

Washington 'now reminds bears considerable

responsibility for

bombed Vietnam. stands this week. His credibility, they say, has been damaged by his conduct. Is it any wonder, some say, that Republicans

distrust his motives in attacking fraq?
"The depth of the damage he's caused himself and the extent to which his relations with Congress have been strained all came together," said a Democrat

who asked not to be identified. But privately, many Republicans despair at how members of their own congressional leadership responded to the attack. The decision by the Senate majority leader, Trent Lott, Republican of Mississippi, to issue a statement opposing the action baffled and angered

party members. It was left Thursday to the outgoing speaker, Representative Newt Gingrich, Republican of Georgia, long known for his combative, partisan instincts, to at-

model of opposition leadership. Mr. Gingrich went to the well of the House to ica's responsibilities to the world and a pointed reminder to his colleagues of the president's unique role in that leader-apparently forgot that in 1991, Democrats

ip.
"Let me be very clear," Mr. Gingrich
"Let me be very clear," Mr. Gingrich said. "I believe the United States has to lead, and the president of the United States has to provide that leadership He was not the

only Republican to endorse the president's decision, if tion's policy "toward fraq. Senat-

ors Richard Lugar of Indiana, John McCain of Arizona and other Republicans offered unequivocal support. "It wasn't a matter of trust or lack of trust in the president of the United

States," Mr. McCain said in an interview. "It was the overwhelming evidence that these strikes were warranted because of Saddam Hussein's transgressions." But the statements by Mr. Lott, the House majority leader, Dick Armey, Republican of Texas, and others question-

ing the Iraqi action continued to raise eyebrows. Mr. Lott attempted to explain his statement during a television interview, but did little to erase the impression of a Senate leader who sees the

world in starkly partisan terms. Recalling the congressional debate over the Gulf War resolution in January 1991, Mr. Lott said, "I don't believe there and presidency all up for grabs.

controlled both the House and Senate, meaning that the resolution could not have passed without Democratic votes. If the argument over Mr. Clinton and lraq strained relations, the revelations about Mr. Livingston inflamed them even more — though no one had any immediate evidence of how the information had come to light. First it was Representative Henry

not all aspects of Hyde Republican of Illinois and chairman of the House Judiciary Committee who was forced to acknowledge a past sexual affair. Now the incoming speaker of the House - on the eve of the impeachment vote.

In the current atmosphere, there will be no benefits-of-the-doubt offered, no stepping back, no quarter given. The impeachment debate will run its course, whatever the outcome, and then everyone will have to assess the damage.

Vituperative politics, personal accusations and roiling partisanship are well documented in American history.

The question is whether the genie can be put back in the bottle, and no one has

The country has been here before.

the answer. The first test will come when the impeachment issue has been resolved and attention turns to the 2000 elections. Few campaigns have been waged for higher stakes, with the House, Senate

MALAYSIA: Mahathir Under Pressure

Continued from Page 1

country, the lack of justice and the government's

control over the pres But perhaps highest on the list of concerns, and indeed the trigger of the current political unrest, is the treatment of the popular former deputy prime minister, Anwar Ibrahim, who until September was Mahathir's anointed successor.
The issue has refused to disappear three months

after Mr. Anwar was dismissed and put on trial for sodomy and corruption. Readers are reminded daily of the former deputy prime minister's plight in front-page articles on his trial accompanied by lengthy transcripts on inside pages.

All political calculations were turned on their head when Mr. Anwar was dismissed.

The charismatic former student leader, who was recruited into the United Malays National Organization, or UMNO, by Mr. Mahathir in the early

1980s, had enhanced both the government's islamic credentials and its youthfulness.

The long shadow that Mr. Anwar's departure has cast over Malaysian politics is unlikely to fade, political analysts say, until the prime minister chooses a new deputy and Mr. Anwar no longer

features on the front page every day.

But for now, the net result of the political turnoil for Mr. Mahathir is that the bulk of the disen- of their majority, Malays have held the top spots in chantment he faces comes from his own people, the Malays, who make up more than half of the population, not the minority Chinese or Indians.

As a result, Mr. Anwar's dismissal has been tough for many politicians in the Malay heartland to more demands from the Chinese. explain to their constituents. All that remains of Mr. Anwar's legacy in the office of Samsi Iunid, a long-time Mahathir ally who is chief minister of Kedah, the prime min-

ister's home state, are two screws stuck in the wall a lot more. ister's home state, are two sciews state as the place where the former deputy prime minimo Until two months ago, PAS, which gets almost no coverage in the mainstream media, held outdoor ister's portrait once hung.
Mr. Sannsi was quick to denounce Mr. Anwar after his dismissal and has witnessed the con-Equences. "I've got hundreds of letters, people writing to me without their address and signature,

cursing me," he said. A few months ago, Mr. Mahathir was praying in a rural mosque in his district and was confronted by a man who badgered him with questions about why he had dismissed Mr. Anwar. The man had to be led away by Mr. Saad, the party's secretary.



Abn Kassim bin Abdullah, district secretary of the Islamic Party of Malaysia, and his colleagues in the northern city of Jitra. The party is gaining ground in the prime minister's constituency.

The current political battle between Mr. Ma-hathir's UMNO and the radically Islamic PAS is driving a wedge through the Malay community in a fratricidal campaign that politicians and analysts say could dilute their power nationwide. By virtue government since independence in 1957.

"The main fear is that the Malay vote will be split," says a member of the senate in Kuala Lumpur. "If UMNO loses seats, Malays can expect

In Mr. Mahathir's constituency alone, the number of PAS branch offices has increased from 46 to 67 in a matter of months, according to PAS. A branch must have at least 25 members but often has

rallies to spread its message. But in a sign of the government's concern over the party's popularity, the rallies were banned by with the government or the eventual effect during the police several weeks after Mr. Anwar's dis-

PAS has a radical agenda: turning multiracial Malaysia into an Islamic state. That would include Islamic laws and punishments, the party says, such as chopping off a thief's hand or stoning an adulter-

That is in sharp contrast to Mr. Mahathir's more moderate Islamic views. The prime minister has long campaigned for a modern face of Islam: Science and technology will strengthen Malaysia, be says, not religious fundamentalism. Mr. Mahathir has helped transform an economy

based on rubber and tin to one that produces microchips and automobiles. Highways were built and students on government scholarships were sent abroad by the thousands. In his home district, a huge university campus

has created jobs and brought prestige. There are

good roads, shopping malls and dozens of mosques built by the government. For this, the people of Kubang Pasu give Mr. Mahathir credit. Few people in the district even blame him for the economic turmoil that has

gripped Malaysia for a year and a half.

Malaysia has no tradition of opinion polls, so it is difficult to measure the depth of the disaffection elections, which must be held before April 2000. But Mr. Mahathir's allies say they are reassured

by the fact that the opposition's radical Islamic views will scare off many of the disgruntled voters. They might criticize Mahathir, but talk about an alternative and I think they will lose confidence straight away," Mr. Sanusi said.

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EDITORIALS/OPINION

Extinction of Compromise

normally be in holiday recess, Congress is wrestling with its two most solemn responsibilities — whether to impeach the president and whether to support his decision to send American troops into combat.

Democrats made a strong case against starting the impeachment debate while American forces were attacking Iraq. But in discussing that issue, the Democrats were also playing to an emerging theme in popular opinion that the impeachment process was being guided by Republican muscle

rather than sober judgment.

There is something about this whole process that shows a lack of judgment, a lack of proportionality, a lack of common sense," warned the Democratic whip, David Bonior of

If Republicans as eminent as Gerald Ford and Bob Dole favor censure, Mr. Bonior asked, why was the House limited to a ves-no vote on impeachment? The answer, of course, is that the incoming House speaker, Bob Livingston, and his whip, Tom DeLay, were certain they could win an impeachment vote. They were counting votes Friday to see if Mr. Livingston's confession of marital infidelity had weakened their hold on Republican moderates who might fear that voting against President Bill Clinton would look hypocritical. Until now, the headlong rush toward

an impeachment that is opposed by the public has made this a time in Washington unlike any other in living memory. Even at the depths of Watergate, there was a sense of strong hands

reaching for the rudder that President Richard Nixon had relinquished. But at this crucial moment, the capital lacks two ingredients that are essential to the steady guidance of a government designed around checks and balances among coequal branches. One is the emergence of leaders capable of growth in the midst of crisis.

At a time when its members would The other is a shared commitment to

To look for those qualities in the new Republican Party is to understand that Mr. Ford and Mr. Dole, with their urgings toward bipartisan censure, are dinosaurs. The voters in the Sun Belt congressional districts that now control the House Republican Conference do not elect compromisers.

At the same time that the Republican Party devalued compromise, the Democrats have been hobbled by congressional losses and a vitiated president.

In this chaotic atmosphere, events are being shaped by the Republicans' hunger for maximum partisan advantage rather than the best outcome for America. The strategy of the Senate majority leader, Trent Lott, seems to envision using the Senate trial to drive Mr. Clinton toward resignation if impeachment passes the House.

The clearest thinking in the Republican Party is coming from two New Yorkers, Representatives Amo Houghton and Peter King.

On Thursday, they introduced a censure resolution noting that Mr. Clinton 'lied under oath." Mr. Clinton now seems willing to consider that essential language, but as is typical of his every action since his landmark falsehoods of Aug. 17, he has waited too long to

make a saving move.

The public has defined the correct punishment for Mr. Clinton. It wants a condemnation occupying the serious space between a vengeful Republican leadership and those mindless speakers at anti-impeachment rallies who see the president as a victim of bad

dating etiquette. Although we have called for swift completion of the constitutional process, we think Mr. Livingston is mistaken to conduct the impeachment during combat operations in Iraq. He is even more mistaken to exclude the only resolution that fulfills justice and

—THE NEW YORK TIMES.

U.S. Force vs. UN Diplomacy

Kofi Annan, the United Nations secretary-general, regrets that the Iraq crisis was not allowed to be resolved by diplomacy.

Who does not? But why was it not? It was not, as various critics of the intervention suggest, that Washington was impatient, rash or pursuing an imperial design. It was that Saddam Hussein resisted the grave appeals of the United Nations to permit his disarmament. The real alternative to the crisis provoked by Mr. Saddam's years of intransigence and duplicity was not another dose of diplomacy. It was an application of force. Mr. Annan had it ight in an earlier crisis when he endorsed the concept of diplomacy

backed by force. The United States is being scored for lacking due confidence in the United Nations. But who is the good internationalist here? Is it a government prepared to act at its own cost and risk to blunt Mr. Saddam's threat — a threat made credible by his past aggression and cruelty — to develop and use weapons of mass destruction? Or is it governments or international organizations that compromise the requirement for implementation of solemn

international decrees, in the United Nations' case its own resolutions?

The United States and Britain are being more faithful to the purposes as well as to the specific words of the United Nations than is the United Nations itself.

In Mr. Annan's case, the irony is acute. He finds himself lamenting an American intervention undertaken to make up for the failure of the very policy of reliance on diplomacy that he ivocated and personally conducted.

Mr. Annan did well to make that effort. Mr. Saddam was given a full opportunity to come clean without the e of force. But those who question the American response must read the Iraqi dictator's record of provoking four crises with the UN inspectorate in

There can be no guarantee that force will now bring the desired result. But there has been ample demonstration that diplomacy unsupported by force will not. The intervention may not suc-ceed in bringing Mr. Saddam into com-pliance. But without the intervention the future credibility of the United Nations would have been destroyed.

- THE WASHINGTON POST.

The Cloning and Ethics Race

Korean scientists have cloned a cell from a woman to make an embryo that is genetically identical to her has yet to be verified. Few details have been made public, and no scientific paper has been reviewed by experts. But the announcement ought to provoke a gasp at how rapidly cloning has been surging ahead.

Only some 20 months ago, the world was astonished when scientists in Scotland reported cloning a cell of an adult sheep to produce a lamb, showing for the first time that it was possible to make a genetically identical younger twin of an adult mammal. That achievement took substantial effort to confirm. But in recent months, advances in cloning have tumbled forth rapidly.

Scientists in Hawaii reported in July that they had created dozens of clones of adult mice, and scientists in Japan reported this month that they had cloned cow cells to produce eight calves. Whether or not the South Koreans have

cloned a human, there seems little doubt that it could be done.

The South Korean researchers moved cautiously through some ethical minefields. Their experiment was terminated after the embryo had divided into four cells. That is too soon. some experts say, to determine whether development of the embryo was really being driven by genetic material from the mother.

But the South Koreans made it unmistakably clear they had no intent of implanting the embryo into a woman's uterus so that it could develop into a child. They thus avoided the step that troubles many ethicists and citizens, who fear cloning will inevitably un-dermine human individuality.

The United States has only begun to debate the ethical pros and cons of cloning humans, secure until now in the belief that there is time for such ruminations. The lesson from recent studies is that time is fast running out.

-THE NEW YORK TIMES

Herald Cribune

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Editor for Asia: Muchael Richardson, S. Camerbury Rd., Singapore 119800. Tel. (65) 472-7768. Fex. (65) 274-2334
May, Dir. Ania. Nigel I Outrus, #1201. 191 lants Road, Hong Kang. Tel. 852-2522-1193. Fex. 452-2522-1190
Gen. Mgr. Germany, T. Schläter. Friedrickstr. 15, 60323 Frontfurth. Tel. 49 6997 12560. Fex. 49 6997 1250-20
U.S. Office: 850 Thard Are., New York, N.Y. (6022. Tel. (212) 752-3590. Fex. (212) 755-5785
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Impeachment Crisis Doesn't Prevent Bombing Iraq

HOUSTON — With his decision to order substantial air strikes against Iraq, President Bill Clinton has finally taken a course of action that should have been pursued earlier this year. Not that this will result in a change of regime in fraq, nor an end to its efforts to hide or acquire weapons of mass destruction.

But the operation will send a clear signal to would-be proliferators that the United States will continue to lead the global effort to stop the spread of these horrific weapons.

If we do not, no one else will. One result of these air strikes, however, will be a change in policy from containment through weapons inspections to containment by military means. This will require an extended and substantial American military presence in the Gulf, and the shift in policy will not be simple to carry out. But it is the least objectionable of

several bad options. Many voices have called for removing Saddam Hussein. This is easy to demand but very difficult to accomplish without occupying Iraq — something that those who call for this approach would be reluctant to back. Many have questioned the wisdom

and even the motives of Mr. Clinton's decision, which came as the House of Representatives neared its debate and not respond appropriately. Instead of everyone for seven months.

By James A. Baker 3d

vote on impeachment. One reason for these questions, of course, is that Mr. Clinton's credibility for veracity is so low. He may be impeached, after all, for lying under oath.

done, however, I believe he has acted correctly. On the timing, the skepticism is quite understandable. But there were at least three good reasons for acting quickly: one, the onset of the Muslim holy season of Ramadan this weekend; two, the need for surprise, and, three, if too much time had elapsed the administration would undoubtedly have been presented with some phony diplomatic solution (which Iraq would once again have agreed to) that would have given Mr. Saddam time to mobilize world opinion, making it more difficult to

strike forcefully and substantially. This last point is important when we consider that Mr. Clinton has vacillated in previous crises with Iraq. His rhetoric has been strong, but his resolve has been weak. Twice this past year, first in February and then in October, Mr. Saddam stuck his finger in our eye and brought

us to the brink of confrontation. On those occasions, Mr. Clinton did

using force, he fell back on diplomatic and political negotiations, and Mr. Saddam played us like a Stradivarius.

In February, the United States spent vast sums moving massive military forces but did not use them. Then, instead of keeping the forces in the area, we brought many of them home and then had to send them back. And On the substance of what he has this came at a time when most of the international community supported the

use of force. We will probably not get as much

support now.

Valid questions have been raised Thone I about the timing of this attack. I hope I am right when I say I simply cannot believe that any president would be so craven as to put the lives of American military men and women at risk to protect his political backside.

The fact that these questions are being raised, however, indicates that Clinton has been weakened in his abil-ity to lead. This is not the fault of the congressional leaders. We are where we are today not because of them but because of the president's willingness to lie under oath. In fact, his leadership troubles go back further than the impeachment hearings. They date at least back to August, when he admitted to the country that he had been lying to

In the time since the Monica Lew insky scandal broke last January, he has been distracted, unable to focus as fully on foreign policy as he should. No president could. With impeachment looming, he is therefore subject to the charge that he has acted against Iraq for

partisan reasons. When the commander in chief puts. our forces at risk, it is incumbent upon all of us to support our men and women in uniform, and I believe the country will continue to support what he has done in Iraq. House Republicans showed great leadership by moving to postpone and delay the debate and vote on impeachment.

But neither they nor we should put the constitution on hold for too long. The vote in the House should take place as rescheduled. After all, this would not be the first time that Congress hast begun impeachment proceedings against a president at a time when American forces were engaged in combat abroad. Our country is strong enough for us to lead the global fight against weapons of mass destruction at the same time we preserve, protect and defend the constitution here at home.

The writer, secretary of state in the Bush administration, contributed this comment to The New York Times.

Clinton's Cynical Decision to Attack Won't Solve the Problem

PARIS—By the time this is published, the hangover

problem will have arrived. answered as to what bombing Iraq once again has accomplished, other than adding to the large number of Iraqis who have been killed by American forces since Saddam Hussein invaded Kuwait in 1990.

That invasion brought an end to what until then had been a tacit alliance between Mr. Saddam's Iraq and the United States, to contain the influence

of their mutual enemy, Iran.

Since then, Mr. Saddam has

Security Council's oil and economic sanctions on Iraq, imbeen Washington's enemy, and there has been an emotional and even obsessional quality to this enmity which is not easily explained, but has undoubtedly been a source of certain unreasonable elements and unanswered questions in American policy towards Iraq.

that the attacks of the past few days are most unlikely to force the Iraqi regime to submit to the weapons inspection system which Washington thinks indispensable.

would submit, since President it wants and can afford. Bill Clinton and Congress have already indicated that they will not be satisfied until the Sad-

dam government itself has been removed from power. As long as Mr. Saddam's government remains in power, and American policy remains what it is, there is little chance that the United States would agree to end the United Nations

posed in 1991 and strengthened in October 1997. This being so, the Iraqi dictator, who has amply demonstrated his indifference to the suffering of his people, may conclude that he has nothing further to lose from ending the UN and International Atomic

It is, for example, evident Energy Agency inspections.
hat the attacks of the past few Mr. Saddam's government could, if it chose, close the country to the UN and Inter-Agency, and turn to the international arms and technol- fects as a biological agent.

By William Pfaff It would be a waste of time ogy black markets in order to The question will have to be for Baghdad to say that it reconstitute the military forces feetive way to deal with easily It is true that maintained in-

> ternational sanctions would obstruct this, and some in Washington might even re-policy statements. commend continuing military attacks on Iraq's military, industry, and infrastructure so as to keep the country on its knees. But such a course of action would be unlikely to prove palatable to the international community, which global threat already has shown itself uneasy That is why

with existing sanctions. The general thrust of Washington's policy rationale, that front in 1915-1918. Iraq is a menace to global security as well as to its neighbors, is a familiar theme by now. The argument remains difficult to justify in practical terms, since thanks to the UN inspections that already have taken place, the country possesses little capacity for air or rocket delivery of any kind of national Atomic Energy strategic weapon, even one as indiscriminate in whom it in-

illusion that bombing is an efconcealed research and development concerning biological warfare weapons, the subject emphasized in Washington

Chemical weapons were employed by the Saddam govemment both in the war with Iran and in domestic political repression, but again they are not easily manipulated, and scarcely provide a convincing

That is why no major nation has used them in warfare since the trenches of the western

Can these American and seems general agreement that Mr. Saddam's multiple and overlapping security forces are effective domestically.

about a military coup have consistently failed.

The U.S. Congress has recently provided \$100 million in new funds for CIA-supported

Mr. Clinton and his advisors Iraqi opposition groups outside are not in any case under the country, which until now have proven conspicuously

An opposition paid for, and controlled by, the country of countries attacking Iraq is in a poor position to appeal to Iraqi patriots and democrats.

In short, the political expectations motivating the American offensive of the last few days are hard to understand. The attacks "teach Saddam a lesson" which he already knew. To do this may reassure Washington officials, but is likely to leave the country with unforeseen consequences.

This has not been an operation which promotes respect for the United States in allied British attacks on Iraq promote circles, or at the UN. But that is a change of government? There no longer a very serious con-seems general agreement that sideration in Washington.

As for the political context in Washington of the attack on Iraq, this writer regards it as Attempts by the CIA to bring irrelevant to the issue itself; but I believe that, in its timing, Mr. Clinton's was a cynical de-

onal Herald Tribune. O Los Angeles Times Syndicate.

The President Has Lost Credibility and Must Resign

NEW YORK — Bill Clinton has one great service he can offer to his country, only

one now - swift resignation. Democratic leaders, and his true friends out of government, owe it to him to urge him to resign, in the critical interest of

all Americans, particularly those he is sending into action. The loss in credibility he earned with his quick decision to attack Iraq, although his impeachment was likely the next day, will dilute the chances of lasting victory over Saddam Hussein.

He created two obstacles to eliminating Mr. Saddam — a mountain of cynicism, and another of disbelief.

The victims of a war that fails to eliminate Mr. Saddam will be not only Iraqis and Americans, but all who will be slaughtered

By A.M. Rosenthal

one day by Iraq's chemical, nuclear and biological weapons. Resignation should come as soon as the current few days of

bombing end. History, not Congress, would pass judgment on the White House scandal But Mr. Clinton would have made the honest indement that his presence in office had become a weight on

his country.

I do not think the president has the courage to resign. But we must say aloud what we think our leaders should do, not duck behind platitudes - like when war starts we all must kowtow to the president.

If he stays on, the reputation for lying, deviousness and sick Iraqi weapons of mass destrucrisk-taking that led him to the tion was a step Mr. Clinton cusp of impeachment will eat should and could have taken

further at trust in the motives of the man who commands troops

fighting Iraq.

And on Thursday, Democratic leaders began literally screaming that he should not be impeached or tried while the United States is taking military action against Iraq — which could be for a long time.

Many Americans will be-lieve these Democrats echo the president's own hopes for immunity from congressional punishment while he commands troops at combat. I am one of those Americans.

The attack against Mr. Saddam for blocking United Na-tions teams from inspecting any time during the six years of his presidency.
On the Clinton watch, Mr.

Saddam blocked inspection ever more openly, creating almost monthly crises. The report of Richard Butler,

head of the UN inspection commission, could justify an attack, but there had been no expec-tation at the United Nations of an instant bombing. Yet theoretically with only a few hours of deliberation, the president used the report to order immediate bombing, without saying what would come next.

Even after he ordered the attack Wednesday, Mr. Clinton's impulse to monkey with reality overcame him. He read aloud the offenses that Butler charged Mr. Saddam committed in the past three weeks of testing

lraq's intention of cooperation. The offenses were: cutting off entry to suspicious sites. blocking access to evidence, re-fusing to hand over arms documents. The result, as Mr. Clinton said, was that Mr. Butler concluded that the inspectors could not do their work, or make disarmament progress.

Mr. Clinton listed the offenses with an air of stern astonishment. But he knew, and the report said so clearly, that blocking inspection had been

going on since 1991. Unless Americans studied UN reports for years they could

get the impression from Mr. Clinton that they were hearing things just discovered, necessitating immediate attack. After years of not retaliating against Mr. Saddam's war on UN inspection, he decided to attack in the few days before the Muslim holiday of Ramadan, rejecting the option of waiting until it was

over in January. The date for the Butler report was set before the timing impeachment was known. Y have no evidence that Mr. Clinton ordered the immediate bombing attack for anti-impeachment purposes.
But Mr. Clinton took the risk

that his timing would create dis-belief in America and help Mr. Saddam become even more popular in the Middle East.

Palestinians in pro-Saddam ecstasy are already burning American flags they waved for the president a few days ago. Mr. Clinton is given to strange risks --- as when be gambled the presidency for office sex. Until Mr. Clinton ordered the

attack on Iraq the day before the scheduled impeachment his departure was a displace about morality, the constitution and politics. Now something has been added: how much damage his continuation as president does to American military and security interests, jar-

gon for life and death. The New York Times.

Britain's Slavish Devotion to America

HONG KONG — It is fit-ting that the same week England's cricketers again surrendered meekly to Austra: he government in Lon-don should have surrendered to Washington's perceptions of U.S. interests in the Gulf or the more immediate concerns of the U.S. president.

This is not a commentary on the rights, wrongs or usefulness of the raids on Iraq. History will be their judge. It simply flows from Britain's apparent lack of any policy in the Middle East (and elsewhere) other than to hang on to the coattails of the United States, be the faithful servant and show that the United States is not alone in its actions. Americans are often as reactivating the joint military surprised as other non-British action of 1991. at this eagerness to be bracketed with the United States in United Nations resolutions or bombing campaigns. Mean-while, the British are easily irritated when others fail to no-

tice they had a role at all. France has a policy which is based on more than just being seen to oppose U.S. views. Why doesn't Britain?

For historical reasons, Britain's links with and interests in the Middle East, with Israel and the various countries of the Arab world, are different from those of the United States. Britain's role in the creation of the political geography of the re- Tony Blair's personal rela-

By Philip Bowring

gion after the breakup of the Ottoman empire — in Pales-tine, in the installation of the Hashemites on the thrones of Jordan and Iraq and in the oil industry of the region — should give it an identifiable policy. Such a view could be criticized on the grounds of being backward-looking. But then why is London looking to Washington rather than trying to move with its own European future and promote a common European policy? The EU may have blamed Saddam Hussein for the bombing campaign. But that is a long way from

London's solo participation merely further reduces its own influence within Europe, and the political value of its military presence in the Gulf.

If Britain was getting much in return for this stance, it might be understandable. Yes, there was U.S. diplomatic help during the Falklands war. But the Clinton administration, for understandable political reasons, has not been especially helpful on the one issue which most matters for London - Northern Ireland. Nor can the slavishness be

attributed to Prime Minister

tionship with, and support for, President Bill Clinton. This devotion is far too deeply rooted in British policy for that. Perhaps sharing a lan-guage, some institutions and economic and political philo-sophies, the British instinctively believe the United States is usually right. The instinct to support a friend even when unsure of the merits of the case would be admirable.

But one suspects that there is a less admirable aspect to Britain's role. Having lost its empire it has been unable to reconcile itself to Europe. As Hugo Young has demonstrated in his powerful recent book "This Blessed Plot: Britain and Europe from Churchill to Blair," the British have repeatedly, under every administration, failed to recognize and participate in European integration.

Instead, they have sought solace in illusions of the Commonwealth and by trying to stay on the world stage by associating themselves with U.S. global supremacy. The United States finds this useful and is too polite to tell London how little weight it carries in the world. The Germans, French, even Italians and Spaniards, may say so. But they do not say it in English. So Britain does not hear.

International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Loan to Russia

NEW YORK - Certain agents of the Russian Government here are endeavoring to negotiate an enormous loan at three per cent. for a purpose which is not known. A New York banker asserts that his firm was sounded, but he does not think a loan feasible. It is also stated that Japan is trying to float a gi-gantic loan here with some prospect success. These attempts are significant as showing the value Europe sets on the United States as a source of financial aid.

1923: Eskimo Poets

PARIS - Danish explorers have informed the world that they have found in the Arctic a warlike tribe of Eskimos, bearing the proud name of Avrilisamints, all of whom, men women and children, are poets. They sing poems of their own

composition, and they have exceedingly long memories, in that respect resembling the ancient bards of Greece and Scandinavia. If the Poetry Society does not fit out an expedition to mingle with the Avrilisarmint tribe, exchange ideas, candy, blubber, tallow and calorific conceptions, it will miss such an opportunity as may never occur

1948: British Camps NEW YORK - In a cabled

appeal, Heary Morgenthau Jr., general chauman of the United Jewish Appeal and former Secretary of the Treasury, called at Prime Minister Clement Aufar for immediate Clement Aufar for immediate action by the British government to release 11,000 lewish men, women and children confined in British internment camps on Cyprus. De-claring that "their only crime is that they are Jews who escaped

حكة امن الأحل

Ulster Protestants and Catholics Agree on Historic Reforms

By James F. Clarity

BELFAST — For the first time since heland was partitioned in 1922, leaders of Northern Ireland's Protestant majority and its Roman Catholic minority agreed to hard salamis, specific reforms in government on Friday The decision that are to give more power to Catholics in this British province.

whelmingly Catholic state in the South, with the North remaining a Protestantwith the North remaining a Protestant of the North and the minority stains of Catholics in the North and their claims that they were oppressed by Protestant politicians have provided sectarian warfare ever since. Most ment, including taking cabinet posts, until Catholics here want closer ties to Dubling the IRA political wing. Catholics here want closer ties to Dublin; the IRA begins to disarm. most Protestants want to remain part of

hours of negotiating that ended at 4 A.M. But, whi in the new Assembly at the Stormont gov-mains, the emment complex here, also agreed to cre-tie a cross-border North/South Ministerial founcil that is to give the Irish Republic

more influence in Northern affairs.

The new bodies are set to receive goveramental powers in Rebruary from the British government, which nock direct control of the province in 1972.

The leaders again declined to deal directly with the problem of disarmament of the Irish Republican Army, which has have been given an example. Let them and blocked the peace effort since it was ap other paramilitaries follow it. It is now proved in the spring.

But, to the surprise of most officials,

disarmament by a small, but deadly, Protestant paramilitary group took place Friday morning in a nearby warehouse, witday morning in a nearby warehouse, with reference to the new cabinet in the As-nessed by General John de Chastelain, the sembly. former chief of staff of the Canadian Army, who heads the official disarmament jor step forward!

The disarming was the first time any of significant breakthrough."

By Don Kirk -

SEOUL - South Korean warplanes and

patrol boats sank a semi-submersible

North Korean speedboat Friday after chas-

ing it from South Korea's southern coast

far into international waters, military of-

The incident began Thursday, 45 minutes

before midnight, when South Korean Coast

Guardsmen on shore at Yosu spotted the

kilometers offshore, according to the South

shots from the crew of the North Korean

Korean Defense Ministry.

the guernila groups in the 29 years of sectarian warfare had surrendered any weapons. Evening television showed a large, screeching, steel-grinding wheel throwing waves of sparks as it sliced through automatic rifles as if they were

The decision by the Loyalist Volunteer Porce to turn in dozens of rifles, pistols and ms British province.

Domb-making equipment was immediratifion divided the island into an overately used by Protestant leaders to urge the overwhelmingly Catholic IRA, and other

Under Assembly rules, Sinn Fein would have two of the 10 cabinet posts approved

But, while the disarmament block remains, the leaders decided to create the historic new structures on Friday, while postponing until early next year the ap-pointment of officials to them, hoping that by then the disamment problem would

If the problem persists beyond next spring, officials and experts say, the entire peace effort could collapse into a new round of violence.

Mr. Trimble said of the IRA: "They other paramilitaries follow it. It is now more important than ever that the IRA join in the process. This is now the only impediment to progress and to Sinn Fein taking its part in the next executive," a

He said Friday's agreement was a "ma-Prime Minister Tony Blair called it "a

South Korea Sinks Speedboat From North

his pocket, was found two hours later, a

Defense Ministry spokesman said. As many

as five other commandos and crew members

were believed to have perished when the vessel sank in waters 110 meters deep.

The boat, officially described as "a

half-submerged-type ship," was made of plastic or fiberboard, and was seven meters

long and three or four meters wide, the

vessel through infrared binoculars about 2. North Korea's continuing effort to land snared by a fisherman's net, also on the

spies in South Korea. Lieutenant General

Chung Young Jin, commander of the Joint

boat that were answered by shells and depth charges from a South Korean patrol boat.

The body of one North Korean comissue a denunciation on the grounds that summit with President Bill Clinton.

Defense Ministry said.

suspected mother ship.

It ended 100 kilometers (60 miles) to the Chiefs' Operations Headquarters, said that

southeast at nearly 7 A.M. in a hail of rifle South Korean forces were searching for its



Weapons turned over by a Protestant paramilitary group being destroyed at a warehouse in Belfast on Friday.

And Gerry Adams, the Sinn Fein president, said cautiously that the political agreement showed that "progress is possible," a statement officials considered positive. But he did not say whether the specifics of the agreement, seen by many officials as important concessions to the republican movement, would result in a start to IRA disarmament.

A former Protestant guerrilla, David Ervine, now representing a Protestant paramilitary group, noted that Protestant groups were observing cease-fires. Politicians of both sides agreed Friday that the Loyalist Volunteer Force had

scored a public relations coup, gaining attention in an attempt to persuade the government to allow its 25 prisoners to be

Officials exulted in the success of the

chase. "We are improving," said Park Kwang Ho, an analyst with the Unification

Ministry, which is responsible for relations with North Korea. "This time our army,

navy and air force paid better attention to

their duty because of previous failures. That is why this intrusion has been diverted."

In September 1996, a 350-ton North

Officials said the South Koreans had in-

tensified surveillance after President Kim

Dae Jung ordered disciplinary action against

military officers for failing to capture a

Korean submarine ran aground on the east

that small splinter groups, Catholic and Protestant, may be planning new attacks to damage the peace effort.

Mr. Blair and the Irish prime minister, Bertie Ahern, welcomed what most officials called a breakthrough, and indicated clearly that they hoped it would produce a

Friday's events. Last week it restated its refusal to disarm until the peace agreement is fully enacted, which is scheduled for May 2000. The April agreement set general goals

Mexico Presses Hunt For Reporter's Killer

New York Times Service MEXICO CITY - President Em-

esto Zedillo of Mexico has ordered federal and state authorities to "spare no resources" in investigating the slaying of an American reporter who disappeared while hiking through rugged mountains in western Mexico. The reporter, Philip True, 50, was billed by being his pure the band and

killed by being hit over the head and choked, forensic examiners said. Mr. True, a correspondent for The San Antonio Express-News in Texas,

set out on Nov. 28 for a two-week trek through the Sierra de los Huicholes, a remote region in the state of Jalisco. His remains were found in a shallow grave. Some of his possessions were missing, but he was still wearing his good-quality watch.

forms. On Friday, the politicians approved what amounts to a cabinet of 10 ministers within the new Northern Ireland Assembly, and six new bodies in which Northern ministers and those of the Irish Republic will coordinate such activities as agriculture, trade and investment promotion and tourism.

clearly that they hoped it would be conciliatory gesture by the IRA.

The IRA, which has held a cease-fire for of emphasizing bipartisan progress, the reforms are widely seen as concessions to While no mainstream politician men-Sinn Fein and the IRA.

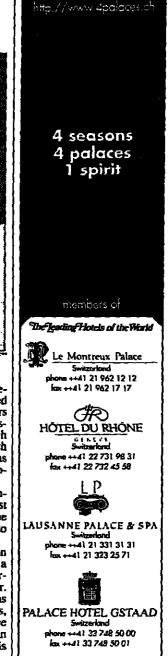
One of the new bodies established on Friday is to promote the Gaelic language, a favorite Sinn Fein project. Since the current peace effort began in 1993, Mr. Adams has won a series of concessions from the British and Irish governments, who sponsor and try to stimulate the peace effort. The only concession the republican movement has made, most officials say, is the IRA cease-fire.

Even the nature of the new Assembly is a concession to Catholics, who make up about 43 percent of the population. To make it impossible for the Protestant Unionist majority to govern roughshod over Catholics, the voting system in the Assembly is diluted democracy.

In the past, a simple Unionist majority could vote down Catholic proposals. Now,

approval of a measure requires a majority of the votes of both the Protestant Unionist and Catholic nationalist Assembly mem-

One of the authors of the peace effort, John Hume, head of the mainstream Catholic Social Democratic and Labour Party, said that after the new cabinet posts were filled next year and the British began to give home rule back to the North, "Once we start working together and harnessing the international good will, then we will start transforming our society."





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BRIEFLY

Serb Official Slain in Kosovo

KOSOVO POLJE, Serbia - A Serbian official was found dead in Kosovo on Friday, and the top international observer in the volatile province said he had expressed his abhorrence to the leaders of ethnic Albanian guerrillas.

The murder of the deputy mayor of Kosovo Polje, Zvonko Bojanic, further raised tensions in the province, where 46 people have been killed this week. Serbian sources said he had been abducted from his home by armed men in Kosovo Liberation Army uniforms, but leaders of the rebel organization denied it had been involved in his death.

"I strongly condemn this and all other terrorist acts," said William Walker, the head of the Kosovo peace monitoring mission. He said the rebel leadership had been informed of his 'personal abhorrence and unacceptability of criminal acts such as this.' (Reuters)

A Public Execution in Kabul

KABUL - Spectators watched at a sports stadium in the capital as an Afghan man carried out the death penalty on the man who had murdered his brother and as a woman

on the man who had murdered his brother and as a woman was whipped for "immoral corruption."

Abdul Qayyum shot and killed Saeed Naqibullah in the packed stadium. Mr. Naqibullah had been found guilty of robbing and killing Mr. Qayyum's brother.

Before the execution, a woman identified only as Shahemah was brought to the center of the field, and a soldier whipped her 100 times. The police did not provide details of her crime.

(AP) details of her crime.

Jakarta Protests Are Peaceful

JAKARTA — Indonesian students held peaceful, scattered protests after Muslim prayers on Friday, but there was no immediate sign of large rallies, which many people had expected after classes on Thursday.

About 300 protesters gathered at the Welcome Monument in the main city thoroughfare, and two other rallies.

ment, in the main city thoroughfare, and two other railies of about the same size were held, one near Parliament and another in the business district. The participants called for political reform and the trial of former President Suharto

On Thursday, more than 60 students were injured when the police and soldiers fired volleys of tear gas and rubber bullets to halt a march on Parliament. (Reuters)

Taiwan Firm Calls Waste Safe

TAIPEI — The petrochemical company Formosa Plastics confirmed Priday that it was the source of 3,000 tons of waste found in Cambodia, but the company said the waste has been certified as nontoxic.

"It's a misinderstanding," a company spokesman said, adding that the waste contained traces of mercury but had been certified by the Taiwan Environmental Protection Administration as being well below hazardous levels. The Cambodian cabinet has ordered the return of the

Venezeulan Requests U.S. Visa

WASHINGTON — The Venezuelan president-elect, Hugo Chavez, has asked for a visa to travel to the United States, where he was denied entry two years ago for leading a military uprising, U.S. officials said.

"Chavez has submitted an application for a non-immigrant visa, and it is in process," a State Department official said Thursday, U.S. government sources said the request would be handled "expeditiously."

Contacts are under way over a visit by Mr. Chavez before he takes office Feb. 2, the sources said. (Reuters)

How Warm Was It? A Record-Book Year

Average Temperature of Earth Soared a Full Degree Fahrenheit, to 58

By William K. Stevens New York Times Service

mando, clad in a wet suit with a grenade in the boat was sunk in international waters.

The speedboat was assumed to be part of coast and last June a 70-ton submarine was

NEW YORK - The Earth's average surface temperature in 1998 is the highest by far since people first began to measure it with thermometers in the mid-19th century, the World Meteor-

ological Organization had reported.
The organization, an agency of the
United Nations, said 1998 would be the 20th year in a row that the globe's surface has been warmer than its recent long-term average, which is the average for 1961 through 1990. Seven of the 10 warmest years on record have occurred since 1990 and the other three occurred after 1983. Most recently, new monthly high-temperature records were set in each of the 18 consecutive months ending in October 1998.

The results, based on data through mid-December, will change slightly when final data is calculated. But experts say it is certain that 1998 will turn out to be the warmest year on record, and almost as certainly by an easy margin over the previous warmest, 1997.

plained by normal variation, the dom- like the annual rings of trees, Mr. Jones mant view among climate scientists is has been saying for some time that he that at least some of the warming trend is believes 1998 to be not only the warmest that at least some of the warming trend is a result of emissions of heat-trapping gases like carbon dioxide, which is produced by the burning of coal, oil, natural gas and wood.

Despite the 1998 record, a number of scientists said they believed the world was most likely to be cooler in 1999 and possibly 2000 as well.

The reason, they said, is that a fair measure of the warming in 1998 can be attributed to the effects earlier in the year of El Nino. This is the extensive pool of warm water that develops from time to time in the tropical Pacific. It both warms the global atmosphere and disrupts worldwide weather patterns.
But even though a dissipating El Nino

may allow some cooling next year, several experts said they expected the underlying global warming trend to continue and temperatures to remain above average in the immediate future. The findings about 1998 were not a surprise, since highly publicized analyses by fed-eral scientists had made it clear since According to the new figures, the av-

year in the thermometer record, but also the warmest year of the millennium now

As new global high-temperature re-cords have been established in the 1990s, they have usually exceeded old ones by only hundredths of a degree Fahrenheit at a time. But if the new estimate holds up, 1998 will top the 1997 record by about a quarter of a degree. The difference may seem small, but the

world is only 5 to 9 degrees warmer now than in the depths of the last ice age.

According to the numbers announced Thursday, the globe is about 1.25 degrees Fahrenheit warmer than at the beginning of this century. Mainstream scientists project that the surface will warm by an additional 2 to 6 degrees over the next century if carbon dioxide emissions are not reduced, with the largest increases in temperate and subarctic latitudes.

Among other things, they say, this will make hot weather, droughts and floods more likely while reducing the number of extremely cold days, raise the

crage global temperature this year of the contigrade), a full degree Fahrenheit agency's analysis were the temperature than the 1961-1990 average.

"This number's anazing," said Philip York, the British Meteorological Office, the National Climatic Data Center in Asheville, North Carolina, the NASA field in which records are normally set in fractions. Mr. Jones provided much of the matching the fractions of the working of Alabama in Huntsville.

Among agency's analysis were the termination of the vork, the British Meteorological Office, the National Climatic Data Center in there are some cool spots; in 1998, there are some cool spots;



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Subglacial Volcano on Iceland **Erupts, Raising Risk of Floods**

REYKJAVIK --- A volcano erupted Friday under Europe's biggest glacier, in Iceland, witnesses said, spewing smoke and ash 10 kilometers into the sky and threatening to melt large parts of the ice cap.

Scientists said the eruption under the Vatnajokull glacier, on Iceland's southeast coast, would not endanger populated areas in the country of 275,000. But it was not yet clear whether it would trigger widespread flooding.

"Flashes of lightning can be seen in the cloud and, if anything, the eruption seems to be intensifying," said Stein-um Jakobsdottir, a volcano scientist at Iceland's Meteor-ological Office. "Tremors signaling the eruption began at 0330 GMT and clouds of volcanic smoke reached an altitude of 10 to 11 kilometers by 0915 GMT," she said.

A planeload of scientists had flown to the eruption site on the rim of the Grimsvom subglacial lake to see whether there was a risk of large blocks of ice melting and flooding the vast, uninhabited black-sand plains at the foot of the glacier, she Iceland has one of the most active volcanic areas in the

world. Its volcanoes are not of the cone-shaped variety common elsewhere in the world, but are fissures hidden under the glacier that covers 8 percent of Iceland.

The eruption occurred 250 kilometers (155 miles) from the capital, Reykjavik. There was no form of emergency alert so

Thursday

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Herald Tribune

In Name of Stability, Jiang Vows to Crush Democracy Movements

By John Pomfret Washington Post Service

BEIJING - A day after China put two dissidents on trial for seeking to form the country's first opposition party, President Jiang Zemin pledged to smash opposition to the Communist Party and vowed that China would never adopt Western-style democracy.

The wife of a third Chinese dissident, Xu Wenli, said, meanwhile, that she had been informed that her husband would he tried Monday for crimes related to attempts to form the party, known as the China Democracy Party.

Mr. Xu. a 55-year-old former sailor who spent 12 years in prison in the 1980s and 1990s for advocating democracy, could face 10 more years in prison for plotting "to overthrow state power. He is one of approximately 30 people who have been rounded up across China during the last few weeks as security personnel have moved to suppress organized dissent.

Mr. Jiang made his comments in a speech given to mark 20 years of economic reforms that have changed the face of the country. He stressed that the stand and resolutely nip them in the economy would continue to be dominated by the state-run sector. But he added that private enterprise also played an important role in China's develop-

Mr. Jiang's speech underscored the party's current preoccupation with stability - a word he repeated throughout his 75-minute address, which was broadcast live on state television.

Strikes and protests have occurred throughout China in recent months as the country has slid into an economic decline, triggered in part by the Asian financial crisis. Chinese officials are concerned that moves, such as the establishment of an opposition party. could set off a huge social movement akin to the Tiananmen Square demonstrations of 1989 that could threaten the party's existence.

From beginning to end, we must be vigilant against infiltration, subversive activities and separatist activities of international and domestic hostile forces, Mr. Jiang said.

He said that the authorities must oppose such activities "with a clear-cut

The systems must not be shaken, weakened or discarded at any time," he continued. 'The Western mode of political systems must never be

A case in point is the party's treatment of a group of dissidents who tried to form the China Democracy Party this year. The group, including Mr. Xu and the two men who were tried Thursday - Wang Youcai and Qin Yongmin tried to set up preparatory committees for the opposition party in 14 provinces and cities in an unusual show of support for the concept of an opposition party in

Mr. Oin was the first to apply for the party to be recognized, submitting his application on the same day that President Bill Clinton arrived in China for his meeting with Mr. Jiang in June.

For months, Chinese security forces hassled the participants but did not prosecute them. Several were arrested for a few days and then quietly released. Then, suddenly in early December, a roundup began. Today, about 30 dis-



"We must be vigilant" against subversive activities, Mr. Jiang said.

sidents are behind bars and the leaders of the movement have been charged with plotting to overthrow the state."

Mr. Wang, who was tried in Hang-zhou, and Mr. Qin, who was tried in Wuhan, were denied the right to legal

Mr. Xu, however, was assigned a lawyer, Ying Shaoping, to represent him in the case, which will be heard by the Beijing Intermediate Court.

Nobel Laureate Attacks Critics And Vows to Defend Her Book

The Associated Press

GUATEMALA CITY — The Nobel peace laureate Rigoberta Menchu, accused of distorting her autobiography, says she will "defend the book to the death.

In an interview with the newspaper Nuesto Diario, Miss Menchu called the criticisms of her book "political provocations" by academics. Their aim, she said, was "to try to discredit me."

But in the interview published Thursday she did not directly respond to allegations raised by a U.S. anthropoogist, David Stoll, that her 1983 book, 'I, Rigoberta Menchu'' contained fabrications and exaggerations about her life and experience of racist oppression in Guatemala.

The New York Times, which reported Mr. Stoll's findings Tuesday, said a Times reporter also conducted interviews in Guatemala that contradicted Miss Menchu's account in the book.

In the interview, Miss Menchu accused her critics, saying: "What they are trying to do is erase the historical memory of all of the victims and the blood of all the Guatemalans.

Miss Menchu, a member of the Quiche people, said none of her act. cusers had been present "to see the suffering through which we passed." Her book helped her to become an

internationally acclaimed spokeswom-an for the rights of indigenous people She was awarded the Nobel Peace Prize

The Nobel committee has said it is not concerned about the allegations.

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BOOKS

HIP-HOP AMERICA

By Neison George, 226 pages. \$24.95. Viking.

Reviewed by Michiko Kakutani

surfaced on the mean streets of New York, and in those 20odd years, it has evolved from text, and provides the lay a spontaneous form of neigh- reader with quick, knowing borhood entertainment small groups of kids break influential producers (includdancing and grooving to local partymasters rapping to mixes Dr. Dre and Puff Daddy). of old records — to a worldbusiness, encompassing not just music but fashion, videos. movies and advertisements.

ating book "Hip-Hop Amer-Nelson George, the author of the critically acclaimed its earliest days, "solely Afbook "The Death of Rhythm

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inception with artists like in the wake of the deaths of often insular point of view. Tupac Shakur and Notorious TT has been more than two B.I.G. He anatomizes hipdecades since hip-hop first hop's post-modern aesthetic, situates its development within a social and political con-

sketches of some of its most

ing Rick Rubin, Teddy Riley, George does not pull his wide, multimillion dollar punches. He suggests that the business, encompassing not mid-90s feud between East Coast and West Coast rappers wasn't a feud at ail, but a In his knowledgeable, figment of the paranoid opinionated and often fascin- minds in the Death Row camp." And he challenges the myth that hip-hop was, in

> owned, controlled and consurned." arguing that "without white entrepreneurial involvement hip-hop culture enation of inner-city youths. wouldn't have survived its first half decade on vinyl."

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Visions

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George writes with the ar-(and close associate of many aged by Dr. Dre and Suge of the people who played a Knight). George says, will

and Blues," chronicles the formative role in its developevolution of hip-hop, from its ment) and the analytic detachment of a critic, and his book is Grandmaster Flash and Kool animated by a passion for the Here through its current state music and frustration with its

> While he laments the misogynistic outlook of groups like 2 Live Crew and argues that "many folks raised on hip-hop have bought into a very limited view of life" defined almost solely by the ibility and effectiveness as dogma of the streets, he is also quick to take issue with those who have lumped together highly disparate artists of hip-hop (rebellion, aggresunder the umbrella of gangsta rap and dismissed it as a nihilistic effort to appeal to angry suburban teenagers by

trading on black stereotypes. Gangsta rap, George argues, was a response to the crack epidemic of the '80s and the socio-economic plight of the black underclass under Reaganonucs, and it played upon the familiar pop-culture soul music was in the '60s. tropes of rebellion and revenge while mirroring the ali-

As the crack epidemic has receded in the late '90s, gangsta rap has also waned, but its dor of a longtime hip-hop fan West Coast version (as pack-

endure "as an essential part of the historical memory of Southern California in the '80s and '90s.'

Although groups like Pub-lic Enemy have tackled pol-itics, hip-hop has never been an overtly ideological form; its practitioners. George points out, are "not social activists by training or inclination," but "entertainers whose vismessengers are subject to the whims of the marketplace.

Indeed, the central tenets sion, materialism) have not only struck a chord with a mass audience of teenagers, but have also proved to be remarkably successful marketing tools for a host of products, from clothing to liquor to soft drinks.

George does not foresee hip-hop becoming co-opted and compromised the way He argues that the social

conditions that forged hiphop - poverty, drugs, deteriorating schools - continue to be problems, and that hip-hop continues to reflect and internalize "our society's

New York Tinus Service



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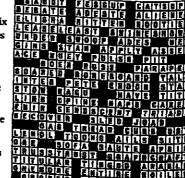
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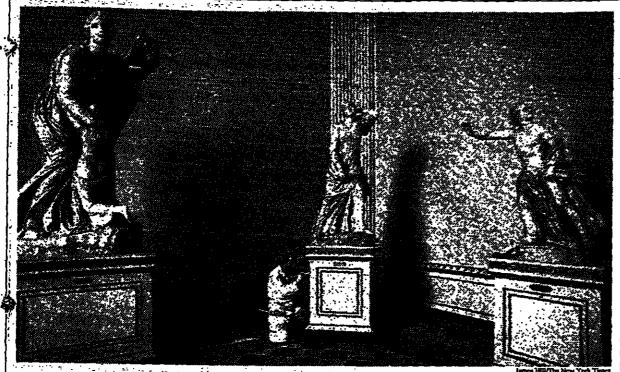
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ART



A worker in the Uffizi Gallery applying the finishing touches to a statue damaged in the 1993 bombing.

Uffizi Glows as Italy Updates

By Alessandra Stanley New York Times Service

LORENCE — Visitors long found the entrance ball of the Uffizi Gallery to be about as modern art museum unveiled a restored and social progress." He added, "Let's warm and welcoming as Lenwing devoted to early-19th-century art face it, Italy is not first in anything as well as a chic restaurant with terrace anymore except its artistic heritage."

Last year Walter Veltroni, then the rooms on the ground floor were closed off and used for storage. After a 1993 bombing attributed to the Mafia killed five people and damaged dozens of artworks, the ground floor was crammed with rubble from the explosion.

This week, Italy unveiled what it calls the New Uffizi, a major renovation that in addition to repairing damaged rooms added more than 20,000 square feet of museum space, including a new annex for a collection of 144 artworks that have never been shown before. It is the most recent and stunning example of how Italy is seeking to renovate its 760 state museums and monuments and introduce contemporary forms of merchandising at the most

The Uffizi Gallery, built for the Medicis in the 16th century by Giorgio Vasari, possesses some of the most famous artworks in Europe, including Botnicelli's "Birth of Venus" and Le- on special request. onardo da Vinci's "Annunciation." It did so in cramped, dingy places more discovered and restored the frescoes-reminiscent of a bus station than one of "The paintings we lost we will never

a DATA (F)

for repairs, the late-19th-century wing of Rome's National Modern Art Gallery reopened last week. And last year, the

dining overlooking the Villa Borghese. Palazzo Barberini, a national gallery known for its collection of Renaissance and Baroque art, was once famously neglected. This year it opened a bookstore, a new entrance and beautifully renovated exhibition rooms.

In addition to killing five people, the 1993 bombing in Florence destroyed two priceless paintings. But it also un-covered hidden treasures, 18th-century frescoes that were long painted over. A building attached to the Uffizi that was badly damaged by the bomb has been unveiled as a new wing containing the Contini Bonacossi collection of 144 artworks, including a painting by Giovanni Bellini and a sculpture by Gian Lorenzo Bernini.

The collection was donated to the Uffizi in the late 1950s, but the gallery had no room to show it, so the paintings were stored in the nearby Pitti Palace, where scholars could view them only

Until the bombing, that part of the has long been one of the most eagerly. Uffizi had been divided into private visited museums in Italy. But until this apartments and rented out by the state. week, tourists who nied to cheek their. The government reclaimed the apartcoats, buy a postcard or grab a sandwich ments after the bombing, and workers

the world's most important museums. recover, but we refound the apart-The opening of the New Uffizi, ments," said Mario Lolli Ghetti, suwhich cost the government \$15 million perintendent for architecture and en-(a third of which was raised through the vironment in Florence. "The bomb national lottery), is the first step in a gave us back apartments we would plan to triple the museum's exhibition never otherwise have gotten."

extraordinary assemblage of museums lot sooner," Antonio Paolucci, the is growing. This year, for example, the city's superintendent of fine arts and a Palazzo Massimo in Rome, a collection former minister of culture, said rather after they open because there won't be

the reorganization of the national Ro-newly restored 60,000-volume art man museum. After closing for a year book library on the second floor, which had also served as a warehouse. "Italy has finally realized that its art is a formidable instrument for economic

> minister of culture, ordered some major museums to stay open until 11:30 P.M. on summer weekends. This year the number was doubled to 69. Almost 30 museums, including the Uffizi, now stay open until 10 P.M every working day from April to October, In the last two years, Italy has added 30 book-

> shops and six museum cafés.
> Veltroni was replaced in October
> when the government of Romano Prodi was ousted. But his successor, Giovanna Melandri, is eager to keep his experiment going. Velironi's plan to hire 1,000 students and college graduates as guides in 44 principal museums on weekends is expected to start next month, after a 1999 budget is passed.

UT Italy's transition to the modern museum age is not uncontested. Museum workers are union members, and they have long viewed the ministry's efforts to lengthen museum hours and reduce full-time personnel with suspicion. In Italy it is almost impossible istry has reduced the numbers by not lacing museum workers who retire:

Unions initially supported the changes, hoping that the renovations and increased spending would create more museum jobs. Now, however, they complain that the government wants more work done by fewer workers. "There's a big problem with the New Uffizi," said Enzo Feliciani, a union the improvements were long Uffizi," said Enzo Feliciani, a union. The effort to capitalize on Italy's awaited. "It should have happened a representative in Florence. "The bookstore, the ticketing booth all seem great, but they risk being closed down right of ancient Roman art, was created from grumpily as he led a tour around the enough employees to staff them."

Two Paths in the Landscape

Claude Lorrain: The Drawings of a Master Painter

By Souren Melikian ional Herald Tribune

ONDON -- Art historians have yet to address one of the great enigmas of Western culture: What is it that made the aesthetics of drawing, practiced as a preliminary step to the execution of pictures, and of oil painting diverge so far in the 17th century that they often seem to be the work of different artists?

As they gaze at the dazzling exhibition at the British Museum of works on paper by one of the greatest European masters (until Jan. 10), the question will haunt visitors familiar with the painted ocuvre of Claude Gellee, known as Claude Lorrain because of his birth in the Lorraine, in present-day France.

What little is known of the artist's life sheds no light on the subject. Possibly born about 1604-1605, Claude, who was trained as a pastry cook according to one source, left Lorraine with his elder brother lean, a maker of intarsia, a type of marquetry. After staying some time in Freiburg im Breisgau, the brothers went to Rome where Claude entered the service of the painter Agostino Tassi,

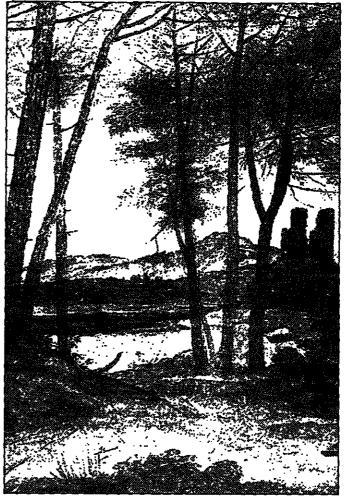
boy, still in his teens, then worked for a the water. It could almost be the work of year in Naples with the German landscape painter Gottfried (Goffredo) Wals and came back to Tassi, this time to train in his studio for five years.

His native Lorraine briefly tempted the young artist. Hired to work as an assistant by Claude Deruet, he took part in the execution of frescoes in a Carmelite chapel, but the call of Rome proved irresistible. Back by 1627, the painter received several commissions to execute frescoes in Roman palaces, and soon acquired a reputation as a painter of landscapes and barbor scenes. Claude was launched.

Beyond these bare facts, much escapes us: Who was the predominant influence in his work, which initial stages he went through, and, not least, how he acquired his drawing skills.

ably dating from about 1630, is an exquisite piece suggestive of a quiet summer day in the countryside. The broad sweep of a lane curves up with a powerful thrust over a small arched bridge, and leafy trees spring up by the roadside. All celebration of light is said in a few touches that speak of a equally beautiful. deep love of nature. For the next 30 years or so. Claude would not cease to jot defined manner when conjuring up the down visual notes of impressions caught in the course of long walks in Campagna. He did it with a freedom and boldness that no one had yet displayed.

In 1635, standing on the bank of a sketched a mount topped by spindly



"A Grove of Pinc Trees With a Ruined Tower," by Claude.

apparently in a menial capacity. The trunks with one dead tree half fallen into 1637, the artist reveals himself as a

a French artist of the 1830s. Had he stopped at that masterpiece, Claude would still deserve our admir-Most curiously. Claude metamor ation for his draftsmanship. What makes osed his oil paintings the minute he inhim unique is the wide range of utterly different styles in which he could perform. Within a year, the artist sketched a quasi-abstract study in light and shadow. Looking from the darkness of a grove at conveyed in pen and brown ink the intensity. The lake in the distance, blinding effect of white sunlight that hits orily sketched, has become elusive. a walker coming out of the protective shade of a forest. There is almost no detail to the brown splashes, applied in what John Whiteley of the Ashmolean Museum at Oxford University, who selected the drawings, calls Claude's blottesque manner.

The artist kept reverting to it for years. In one of his most admirable landscapes. late 1640s. The slanting composition, the showing the Tiber seen from Monte compact, close-up effect are never found Mario, splashes of brown are strewn in Claude's painted landscapes - here about. Were it not for sloping hills in the again the draftsman signed a work distance, the scene would barely be identifiable as figural — this is a lyrical celebration of light and darkness, seen as graphic ocuvre, its unbridled freedom are

Claude resorted to a more clearly image of overwhelming nature dwarfing man into nothingness. In "The Edge of a Wood," dark age-old tree trunks tilted in opposite directions go right up to the top Those who are able to go to the exhibition of the sheet, their foliage spreading over torrent tumbling over rocks. Claude a lighter patch, which suggests the cool-largest assemblage of masterpieces in pen ness of shade on a searing August day. A or pencil by Claude ever put together.

lonely figure looking like a puppet in a shadow theater seems to be there solely as a reminder of human frailness in the immensity of nature. Far more allusive than his painting and yet as powerfully composed, the drawing straddles the border between the blottesque manner and the carefully worked landscapes in which Claude also in-

dulged. But his elaborate drawings were equally far removed from his pictures. 'A Grove of Pine Trees With a Ruined Tower" is a composition that has no equivalent in Claude's painting. Tall pine trees rising to the upper limit create a vertical rhythm. Beyond, a watery expanse, sends back steely reflections of a white sky and, farther still, dark hills slope up to a mound on which the corner piers of a ruined tower stand in the twilight The artist, aware that he had created one of his great

works, carefully signed it. Claude the draftsman appeared to see things that barely caught the eye of Claude the painter. He zoomed in on details that are lost in his oil paintings. In a close-up view of the banks of a brook at Subiaco done in black chalk with pen and brown ink, also signed, and dated

subtle observer of water plants, rocks and boulders that one would be hard put Most curiously, Claude metamorph

terpreted them in pen and brown wash in order to keep a register of what he had done. When copying "Pastoral Land-scape With Castel Gandolfo," he brought it back to essentials. The light the opening between clumps of trees, he and shadow effect has acquired a new intensity. The lake in the distance, curs-

VEN when drawing in a highly finished, painterly manner, Claude would create compositions that differ utterly from his pictures. Nothing among these resembles the beautiful "Bank of Trees," in black chalk heightened with wash, done in the deemed to be important.

The infinite diversity of Claude's extraordinary. They point to a parallel mode of creativity, as if the artist cultivated his private garden, far from the high and mighty for whom he plied his trade. This case of artistic split personality comes out in this show as rarely before. should not miss the chance to see the

-Art That's a Dragon With Two Heads

By Holland Cotter New York Times Service

EW YORK - For most people who grew up in postwar America, China was invisible. One of the world's poorest, most populous and politically most powerful countries, it was cenainly there, but only as an enigma, a huge Forbidden City.
No one from the outside (the superstition ran)

could get in; no one on the inside could get out. A banened-down version of Marxist communism, culminating in the fanaticism of the Cultural Revelaborate in its hierarchies and protocols as any religion or imperial dynasty. Devotion was ob-

started to change. The political orthodoxy held firm; the deaths in Transannen Square proved that. But with the arrival of a capitalist economy, cultural innovations kicked in and everyday urban life nimed surreal. Kentucky Fried Chickens hatched in Beijing: once-reviled imperial monuments were rehabilitated as theme parks; Cultural Revolutionary campfire songs were set to a rock beat.

And bit by bit, China came West. During the 1980s and '90s, contemporary Chinese culture, sometimes tailored to non-Chinese tastes, gained international presence. Fiction by mainland Ariters regularly appeared in English. The opera "Marco Polo" by Tan Dun was produced in New York last season. Films by Chen Kaige ("Farewell, My Concubine") and Zhang Yimon ("Raise the Red Lantern") have picked up awards and played at Manhattan theaters.

Rumors of official muscle-flexing also buzzed around the Guggenheim Museum's "China: 5,000 Years" last spring, when the show's selection of avant-garde art, much of it produced since 1989 and marked by Western contemporary influences, was suddenly jettisoned, for lack of floor space, the

As it happens, vanguard work made it to New York this fall in "Inside Out: New Chinese Art." an exhibition organized by the Asia Society in Manhattan and installed there and at the P.S. 1 Contemporary Art Center in Long Island City, New York (through lan. 3). It is a broad-spectrum look at new work from across the Chinese-speaking world, acluding the mainland, Taiwan, Hong Kong and

ists living abroad. The result is a sprawling affair, a pikeup of media, styles and philosophies, from brush and ink painting to installation art, mock-propaganda to Pop, Dada to Daoism, exemplary of a "global" art that promises to have increasing visibility in the years to come. The question is: How well does it play in the West?

intact from one generation to the next - are likely to dismiss much of the new work out of hand as trendy, irresolute, barely Chinese at all.

But anyone coming from deep inside Western contemporary art, with its fixation on ceaseless novelty, may find the art uncool for other reasons, seeing, at first glance anyway, only familiar West-ern styles — Surrealism, Conceptualism and so on - warmed over and, here and there, updated with post-modern tics.

Neither view is entirely wrong. But they both miss olution of the 1960s and '70s, was in place, as the wider, more complicated, often contradictory story of an art that has only been around for a decade

and a half and is changing at lightning speed.
... Emerging from a country that is juggling a Comreligion or imperate types of the country described by the country desc backward as well as forward, interweaving styles that the impatient West feels it knows all too well with traditions that it barely understands at all. As to how this new Chinese work emerged, some

comparative history is helpful. In America, the decades after World War II were an explosively inventive time for art, with Abstract Expressionism giving way to Happenings, Min-imalism to Earth Art, in a kind of fever-chart

In China during roughly the same years, and particularly during the decade-long Cultural Rev-olution, the officially sanctioned art style was Socialist Realism, along with certain folk and popular styles. Traditional painting was tolerated, sometimes even avidly encouraged, though it was often politically tinged. With doors to the West shut for more than 20 years beginning in 1950, updated information on modern art, which had had an impact on China earlier in the century, was scant.

With the collapse of the Cultural Revolution, ontside information arrived fast, giving a generation of artists born after 1949 — which means almost all of the artists in the Asia Society show - a crash course in Western art history from Giotto to Jeff Koons. Contemporary work in particular offered exhilarating possibilities: fresh formal options, a shot at the international mainstream, and - initially, at least - a vehicle for political resistance.

Art in China has always been about power. Its aura of timeless, near-mystical authority has been called upon by every ruling class - imperial or Communist — to advertise legitimacy. It has insured social advancement for artists and patrons alike. To a degree only sporadically true in the West, it has

been a primary medium of intellectual discourse. Whether artists were attached by appointment to the court or by profession to the academy, or were ruptive physical presence and hard-to-read openliving in disaffected retreat from both, they were ended meanings — seen as especially likely to restion is: How went does it play in the viscour.

It may in disantonical reduct from both, diey were—caded meanings — seen as expected to comment critically, if obliquely, on the—convey problematic messages.

Chinese classical tradition — a tradition entirely world around them through a narrow vocabulary of about tradition, about transmitting a cultural ideal coded images, most of these drawn from nature.

This "commentarial" impulse was much evident in the new art of the 1980s. With the Cultural Revolution still fresh in memory, young artists began filtering its esthetic preferences through offthe-rack Western models. Socialist Realism was retooled as an ambivalently debunking style known

as Political Pop, with Mao as a central image.
For decades, Mao's droopy, pear-shaped face had loomed over China like an all-powerful Oz. intimidating and reassuring, a revered but crotchety parent, subject to mood swings and with a dangerous mean streak. In a well-known triple oil-on-canvas portrait by the early Political Pop artist Wang Guangyi, Mao is seen as a gray marmoreal presence set behind a grid of solid black lines, as if he or the viewer were confined behind, and perhaps protected by, prison bars. With its debt to Warhol, it is an ambiguous image. reflecting to some degree the general popular attitude toward Mao in China: critical but, as the horrors of the Cultural Revolution are softened by

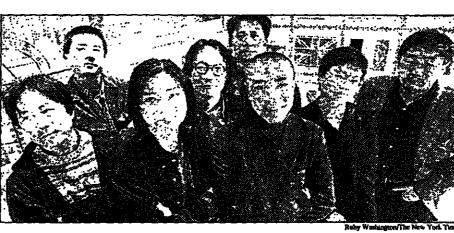
time, also deeply nostalgic.

A 1990s painting trend known as Cynical Realism shifts its attention away from a revolutionary past to an equally, if differently problematic present a rapidly Westernizing China of stampeding commercialism, bureaucratic corruption and social inequities.

Interestingly, Cynical Realism — represented by artists like Cao Yong and Song Yongping, both of whom appear in the show at the Asia Society sells well on the Western-based market and so has become part of the capitalistic system it rebukes. And at least one of its most visible exponents, Fang Lijun, a member of the early 1980s avant-garde, has become a wealthy man.

ANG'S signature images of yawning, bald, ▲ look-alike men originated as a version of peasant figures and may convey a sense of existential cumui to Western eyes. But among some of his colleagues, he is regarded as a sell-out, producing rote, sure-fire pictures for money, while enjoying the rewards of haute-bour-

geois privilege in Beijing. An entrepreneurial avant-garde of the kind Fang represents has long been familiar in the West, perhaps most recently in the high-priced 'consumer critique'' Neo-Geo of the 1980s. And it is fast gaining ground in China. But few vanguard artists at the moment share his luxe life style. Art still falls into officially approved and disapproved categories, with certain forms installation art, in particular, with its often dis-



Some of the 80 artists taking part in the Asia Society show "Inside Out."

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8 Bourses Discuss Link For Europe

No Accord Announced On Which Indexes to Use

LONDON — The heads of eight European stock exchanges met in Loncon on Friday for a second round of talks aimed at creating a pan-European exchange in leading stocks.

But the group announced no breakthroughs on the key questions of which stock indexes would be used by the alliance, a crucial issue for all investors as the euro approaches in January, and the group's ownership structure.

The meeting is part of a growing trend of cooperation among European bourses before the introduction of the single currency. Four more exchanges signed up Thursday to plan for a parallel market in fast-growth companies.

Bourse officials declined to comment

on the one-day meeting at London Stock Exchange headquarters. A spokesman for the exchange said that the talks were private and that no substantive statement was expected.

The London meeting followed a gathfinng of exchange chiefs in Paris on Nov. 27 that set up a committee to begin _work on creating a single market for about 300 leading European stocks.

The meeting Friday was attended by the heads of the exchanges in London, Frankfurt, Paris, Amsterdam, Brussels, Madrid, Milan and Zurich. Sources said the group would concentrate on the same areas that it had discussed in Paris, including regulation, technology, in-dexes, market rules, settlement and

clearing and common structure.

The first step toward the creation of a European market in blue chips will be taken on Jan. 4, when the London and Frankfurt bourses inaugurate an access package to coincide with the first workng day of the enro.

That will provide a single point of entry for leading British and German

The London meeting came soon after another gathering of bourses in Stockholm, where agreement had been reached to expand the Euro.NM network of exchanges for growth companies.

Under that plan, Euro.NM, whose network currently includes Amsterdate. Belgium, Frankfurt and Paris, would bring in bourses in Milan, Stockholm; Copenhagen and Zurich

■ Stockholm Decides Not to Join

Sweden's OM Group AB, which owns the Stockholm bourse, says it has dropped the idea of joining a pan-European exchange but will instead pursue its aim of integrating Nordic derivatives and stock exchanges, Renters reported from Stockholm.

Stockholm's derivatives exchange is Europe's fourth-largest in terms of contracts, while its bourse is the eighthlargest



Dr. Venkataswamy says that eye care in developing countries should be marketed like American fast food.

The Volume-Discount Vision of Dr. V

The efficiency at the

Business School.

Aravind Eye Hospitals is

a case study at Harvard

Indian Entrepreneur Cuts Costs to Give Sight-Saving Surgery to Poor

By Miriam Jordan tional Herald Tribune

MADURAI, India — Govindappa Venkataswamy has a vision — to eradicare avoidable blindness in his lifetime and a prescription for accomplishing it: high-volume, high-quality eye care at low cost around the developing world.

"The secret is commitment and a market approach," said Dr. Venkataswamy, an 80-year-old Indian ophthalmologist who argues that eye care in developing countries should be marketed like American fast food.

"My model is McDonald's," he said. "They serve the identical hamburger, with the same efficiency, at thousands of outlets."

Already, his Aravind Eye Hospital restores sight to more people than any other hospital in the world. This year, the more than any other hospital in the world. This year, the main hospital and us three branches in the southern state of Tamil Nadu are expected to operate on

150,000 people, mainly cataract pa-tients. Each surgeon at Aravind per-forms about 2,000 cataract operations annually, compared with an Indian average of 250. Efficiency at Aravind is a case study at Harvard Business School. Several U.S. medical programs send residents to the hospitals for training. Health officials from China. Nepal and Indonesia, among others, have come knocking at

sponsor of a multimillion-dollar blindness-control project India, has enlisted Aravind in its training "It's not hype, it's the real thing," said Morton Goldberg, director of the Wilmer Eye Institute at the Johns Hopkins University School of Medicine, which sends residents to Aravind each year. "It takes a unique combination of devotion, technical skill, managerial and organizational ability and entrepreneurship. They are doing it without

Dr. Venkataswamy's door for advice. The World Bank,

cutting any corners." Cataracts, or the gradual clouding of the eye's lens with age, cause about 80 percent of reversible blindness. A 20minute procedure to remove the blurred lens and implant a plastic one cures most people before the condition de-

teriorates into blindness. In India, about 17 million people, many of them as young as 40, suffer from cataract problems. Though about 3 million cataract surgeries were performed nationwide in

1997, hospitals cannot keep up: Another 4 million Indians become blind each year.

Dr. V, as he is known to staff members and friends, believes hospitals can cure all the needy, if they follow sensible business practices. With no state aid and little foreign assistance, Aravind Eye Hospital provides two-thirds of its surgeries free. Yet the private hospital turned a

\$2.4 million profit in its last financial year.

Dr. Venkataswamy lowered the unit cost of surgery by raising volume and inspiring among his staff a commitment that propels many to work 12-hour days, six days a week.

In the surgery rooms, a single large microscope swivels between two operating tables to maximize the time each doctor can operate. As soon as doctors complete one procedure, they turn to the next table and begin work. Meanwhile, the table used previously is prepared for the next patient.

"It's very efficient without sacrificing patient care," said Roy Loo, a resident from the Greater Baltimore Medical Center doing a stint at Aravind. "This place is

nothing short of amazing." Dr. Venkataswamy began his drive against blindness as a young doctor in the state-run health system. But it was only when he retired, at 58, that he sunk his life savings into his own 11-bed clinic. That clinic flourished into his present 1,300-bed network of hospitals.

The hospitals have state-of-the-art equipment but no frills. Patients are moved on canvas stretchers fitted with bamboo polls. Parametles manage administrative and counseling tasks, which otherwise might eat into surgeons' time.

Five years ago, Dr. Venkataswamy acquired the tech-

nology from the United States to start producing intraocular lenses, which until then had been imported at huge expense. Besides bringing down the retail cost of lenses on the Indian market, Arayind now sells to 75 countries at about a quarter of the U.S. price. Six months ago, Aravind also began producing its own suture needle, a tiny needle with thread it uses for eye surgery, using German technology.

Paying patients subsidize sight for Indians who cannot afford to pay. In Madurai, the hospital is split into two wings. Patients in the commercial wing pay about \$130 for

See HOSPITAL, Page 15

Wall Street Shrugs **As Missiles Hit Iraq**

U.S.-U.K. Attack Considered 'Ho-Hum Event'

By Ianthe Jeanne Dugan

NEW YORK - What if they threw a war and nobody cared? For world financial markets, it might have looked something like that this

The U.S.-British air attack on Iraq was widely expected to reverberate

through Wall Street. Instead, the Dow Jones industrial average trudged up only 85.22 points, or 1 percent, to 8,875.82, on Thursday, and

added only another 27.81 points Friday, Defense companies were supposed to get a boon. Instead, the whole sector

Oil prices and oil company stocks were going to soar amid investors' con-

cerns about strife in the oil-rich Gulf. They sank. As for the dollar, which typically draws investors at a time of global turmoil, it fell, too, against most other

major currencies.
"War?" asked Marion Kessler, a portfolio manager at Crabbe Huson in Portland, Oregon. "What war?"

If there was a message from the public about the biggest military action since the Gulf War, it was articulated by investors. They were cynical about the timing, convinced it would pass quickly and have little effect on the price of oil

or geopolitics. "The currency markets, the bond markets — everybody shrugged it off," said Dara Khambata, a professor of international economics at American University. "I'm surprised. I thought there

would be more turmoil."

The bombing may have heartened the markets, Mr. Khambata said, but only because it delayed an impeachment vote by Congress.

Investors also apparently think the strike will end swiftly, creating little need for new military equipment. So major defense stocks slumped.

'The degree of complacency is incredible," said Ms. Kessler, who has major investments in Lockheed Martin Corp. and Northrop Grumman Corp. "People seem to think it's orchestrated, like they're watching theater. It's de-

By the time the market opened on Thursday, the oil fields in Iraq were still intact, alleviating fears that the supply of Iragi oil sold under the United Nations oil-for-food program was in jeopardy.

On the New York Mercantile Exchange, crude oil for January delivery slumped 11 percent on Thursday, the biggest one-day drop since the beginning of the Gulf War on Jan. 17, 1991 and was down 11 cents, at \$11.92 in late trading Friday.

"This script has already been played once this decade," said Ned Riley of BankBoston, pointing out that the world oil supply was virtually unaffected by the Gulf crisis. "Most people considered this a ho-hum event.

Worldwide markets were equally unaffected.

In Europe, investors seemed indifferent, as did those in Tokyo. "Investors see this action as having only limited impact on the economy,

See MARKETS, Page 12

Fed Expected to Keep Status Quo on U.S. Rates

By Richard W. Stevenson New York Times Service

WASHINGTON --- A political crisis is unfolding at home and a military action is under way abroad. But when the Federal Reserve Board meets to consider interest-rate policy Tuesday, it will face an economic outlook that, while complex and a bit confusing, is more stable than it has been for

The fear that had threatened to paralyze the bond market this autumn has ebbed, though it has not disappeared. The stock market is robust again, bolstering spending by consumers, who are also benefiting from the strongest growth in real income in years. Manufacturers and farmers continue

to be hit hard by the global financial crisis, but even they got good news Wednesday when the Commerce De-partment reported that the trade deficit in October was \$14.2 billion, much lower than expected, and that exports grew 2.8 percent. Asia is showing signs of stabilizing, and Brazil has managed to avoid a meltdown.

Talk of a recession in the United States in 1999 has evaporated. And not only do analysts expect that the Fed will leave rates unchanged Tuesday after cutting rates three times in the past three months, but chances are increasing that the central bank will remain on hold for months to come.

Rosanne Cahn, an economist at Credit Suisse First Boston, said, "The economy has proven stronger than they thought when they were easing, and the prospects for slowing ahead are much diminished, both on account of the consumer and the reopening of the fixedincome markets to new issues.

Heading into 1999, Ms. Cahn said, "The Fed will be on hold unless there is another financial market disturbance. Following its last rate cut, on Nov. 17.

the Fed's policy-making Federal Open Market Committee signaled that it might hold off on further reductions, saying that financial conditions "can

reasonably be expected to be consistent with fostering sustained economic ex-

Still, Alan Greenspan, the Fed chairman, and several other Fed officials have remained concerned that financial market strains could put the nation's long expansion at risk if not reversed. By some measures, those strains have eased considerably; companies are finding it easier to issue new debt, for ex-

But by others, the problems remain significant. In particular, the spread between the yield on U.S. Treasury bonds and riskier forms of debt remains abnormally high, suggesting continued risk aversion on the part of investors and a lack of demand from hedge funds, banks and securities firms that suffered big losses in the spasms that gripped the markets in late summer and early au-

Yet Fed officials are closely studying the real economy as well as financial conditions. They see an economy that is slowing somewhat, tugged between the strength of consumer demand and weak and still fragile conditions in the in-

The risk of a marked slowdown in growth appears greater to them than the risk of a rapid acceleration in growth. they said.

The strength of consumer demand will be driven to a large degree by the stock market. While another big surge on Wall Street is by no means out of the question, they said, anything short of significant increases in paper wealth is likely to bring some slowdown in the growth of consumer demand.

On the industrial side of the economy. much will depend on the recovery of export markets. Trade figures Wednesday were a hopeful sign, showing a rebound in exports of food, semiconductors and computer accessories and manufactured goods. Most big export markets, though, seem more likely to be flat or weaker in 1999 than to be stronger, Fed officials and analysts

Citigroup Rushes to Integrate 2 Banking Cultures

By Joseph Kahn
New York Times Service

NEW YORK - Crigroup, shaken by leadership turmoil in its early days as America's largest financial services company, has sped up the integration of its banking units in a headlong effort to prove that commercial bankers and investment bankers can mix.

In the weeks since the co-chairmen of Citigroup — the financial giant formed by the merger of Citicorp and Travelers Group — ousted their heir apparent, Jamie Dimon, from his post, the investment bankers from Travelers' Sa-Soon Smith Barney investment bank-ing unit have been ordered to find a way to merge most of their operations with the corporate banking side of Citicorp. Michael Carpenter, one of the two people charged with leading the compined bank, calls this "the third way, the

It is certainly a new way. Investment bankers from New York to Sydney are moving in with their commercial-bank counterparts, putting their product lines together and making joint calls on cor-porate clients like News Corp., Seagram Co. and Monsanto Co. The Citigroup merger became a formal reality only two months ago, but executives are already talking about 100 potential new banking deals made possible by closer cooperation between Citicorp and Sa-

lomon bankers. Integration appears to be happening faster - and reaching deeper into the organization - than envisioned in the earliest days of the merger. Like fin-gernails dragged across a chalkboard, the ouster of Mr. Dimon and one of his chief deputies, Steve Black, has silenced the open squabbling that divided Citibank executives from their counterparts at Salomon Smith Barney, many people at the bank said.

But in the rush to meet a self-imposed year-end deadline to resolve outstanding conflicts, the merged company has also muffled important questions about how to balance vastly different commercial and investment banking cultures.

The fast pace of unification has pleased some within the company, who said they were surprised by how well the bankers from both sides have learned to work together despite the leadership turmoil. Spirits are also higher as word filters out that Salomon bonuses, which many feared would be slashed from last year's levels, will probably keep pace

with 1997. Others, though, said the discord at the top confirms their worst fears about the financial supermarket envisioned by Sanford Weill and John Reed, the cochairmen. Some predict that the forcedmarch cordiality disguises smoldering battles, such as an ongoing clash about the fate of the combined entity's derivatives units. Many there are also consumed by nuances, like whether London-based Salomon bankers will move to Citibank's offices in that city's Ca-

nary Wharf.
"My impression was that to make the merger a success, they would never try to mush the two sides together," said Susan Weber, a finance industry expert with Jaquish Advisers and a former investment banker. "I am surprised they are trying to do it."

David Berry, a banking expert at Keefe, Bruyette & Woods, said he saw the pitfalls in a quick marriage of the banking divisions, but also the opportunities.

Many analysts said the most obvious

synergies in Citigroup were on the consumer side of the business. The consumer banking, credit card, mortgage, insurance and retail brokerage units do not overlap much and open the pos-sibility of cross-selling products through new distribution channels.

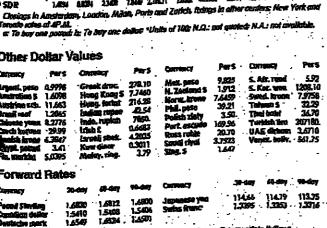
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GM May Find No Easy Rides in China

By Seth Faison New York Times Service

SHANGHAI --- At the crowning mo-

ment in a balloons-and-marching-band ceremony to roll out the first Buick made in China, John Smith Jr., chairman of General Motors Corp., got behind the wheel of a shiny white 1999 sedan, strapped on his seat belt, and was unable

to make the car move. Mr. Smith reached down to release the emergency brake but could not find it. Instead, he popped the hood open. Only after engineers rushed frantically to his side was he reminded that the Brick brake release was a foot pedal. Finally on his way, he drove the Buick up a red carpet onto a broad stage to cheers from more than 2,000 staff members and guests Thursday.

"You don't use that brake in America," Mr. Smith said later, chuckling. It was a small fumble on a day that signified a start in General Motors' big plans to break into the car market here. But it hinted at the steep challenges facing the company in China, where oversupply and a heavily politicized bureaucracy exacerbate the already ample

difficulty in weaving together two vastly different car cultures. General Motors is making a big bet on China, sinking \$2 billion into 16

ventures, mostly for auto components. The Shanghai plant is the biggest of them all, with 1,700 employees and plans to build 100,000 Buick sedans a year. The automaker's \$750 million investment in the factory is the single biggest American investment in China.

Chinese bureaucrats still wield tremendous influence over the industry. Although the 50-50 joint venture theoretically means decisions are shared with the Chinese partner, Shanghai Automotive Industrial Corp., the plant's being in China favors the local partner.

The fact that the first-car ceremony has been held already is an example. Shanghai General Motors will not begin regular production until April, but the Chinese partner insisted on rolling out the first Buick before the end of 1998 in order to keep to its state-mandated schedule.

Mr. Smith and other GM executives insist that they are happy with the arrangement and enjoy strong support from the Chinese government. They

also maintain that they will find a market for an expensive American sedan among the Chinese elite, who have in the past relied largely on imports of 100,000 vehicles a year from Japan and Germany, most of them smuggled to avoid sky-high tariffs.

"We're confident that we'll meet out sales targets," Mr. Smith said, He also predicted that the Shanghai operation would turn a modest profit once it passed a mark of 40,000 to 50,000 cars;

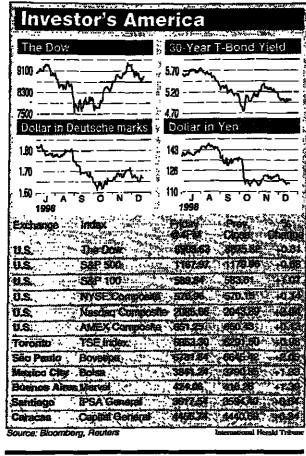
in perhaps the third or fourth year. Many auto-industry analysts argue that General Motors is making the Buick here, and cooperating with Chinese demands that it bring up-todate auto technology for a luxury car; because that was the only way to get into the car-assembly market here. Demand may balloon one day, but right now the market does not show a hunger for many

Mr. Smith contended that GM was fully committed to making the Buick project a success, but he conceded that timing was a factor.

high-end cars like Buicks.

"I think it is extremely important to be in early," he said. "This is going to be a huge market."

THE AMERICAS



Very briefly:

- Exxel Group, an Argentine buyout fund, agreed to pay \$650 million for the 60-store supermarket chain Tia SA, according to Buenos Aires Economico.
- . King Pharmaceuticals Inc., a marketer of brand-name and generic drugs, said it would buy rights to a prescription hypertension drug and two creams from Hoechst AG for \$362.5 million in its biggest product acquisition to date.
- · Banco Central Hispano SA, the third-largest bank in Spain, said that it had bought 5 percent of Banco de Galicia y Buenos Aires SA, Argentina's largest bank, and that it planned to acquire more stakes in Latin American banks.
- Federal Express Corp. of Memphis, Tennessee, which owns FedEx, the world's largest cargo airline, and the Fedex Pilots Association have reached a tentative agreement on their first contract, union officials said.
- · Livent Inc. of Toronto fired its chief financial officer and four other finance employees after the Securities and Exchange Commission said their employment could interfere with charges that it may bring in an accounting scandal at the theatrical-production company, but Livent asked to rehire the and 70,000 long-distance phone five as consultants to complete its third-quarter statements.
- Sprint Corp. of Kansas City, Missouri, won the first part of an estimated \$5 billion contract to provide long-distance telephone and a range of Internet and data services to the federal government for eight years. Sprint is still eligible for the second part of the contract, to be awarded in January, the General Services Administration said.
- Aluminum Co. of America will ring in the new year with a new name, changing it officially to Alcoa, a name commonly used for the company since 1929.
- Suiza Foods Corp. and the Dairy Farmers of America, the largest U.S. milk cooperative, will combine their northeastern dairy operations in a joint venture that will cover 12 states and generate \$1.2 billion in sales, according to Suiza, which will manage the venture. Bloomberg. AP. Reuters

Alltel to Buy A Nebraska **Phone Firm**

Bloomberg News

LITTLE ROCK, Arkansas Alltel Corp., which provides phone services to about 6 million people in the Southeast and Midwest, agreed on Friday to buy Aliant Communications Inc. for \$1.5 billion in stock to expand in rural Nebraska.

Alltel will pay \$39.13 for each share of Aliant and assume about \$131 million in Aliant's long-term debt. Shares of Alltel closed Friday 93.75 cents lower, at \$56.0625, while shares of Aliant were up \$6,4375, at \$37.3125.

With Aliant, Alltel will add 680,000 residential customers as part of a plan to expand in lesspopulated areas where there is not much competition. That goes against the trend at larger phone companies, which are seeking acquisitions that spread their reach in cities, in order to attract business

"There's a huge opportunity in rural America to provide phone ser-vice," said Jeffrey Kagan, a tele-communications analyst in Atlanta. "They're not going to face intense competition and there's no urgency to roll out expensive new ser-

The purchase is Alltel's second this year after its \$6.03 billion acquisition of the wireless phone company. 360 Communications Co., in July. Joe Ford, chairman and chief executive of Alltel, said "this merger makes the merged company a

more formidable competitor." Aliant, based in Lincoln, Nebraska, covers the entire state with its cellular operations and provides local and long-distance services in Lincoln and 22 counties in the southeastern part of the state.

Aliant has 290,000 wireless phone customers, 10,000 paging customers, 285,000 local phone lines, 25,000 Internet customers, This is the Wal-Mart strategy,

Kagan said, referring to Wall-

retailer. "There are plenty of rural communities that need service and there's not much competition." The combined company will have \$5.3 billion in annual revenue, 6.3 million customers in 24 states, and

Mart Stores Inc., the world's largest

2,000 employees worldwide. The companies expect the acquisition, which is subject to approval by Aliant shareholders as well as regulators, to be completed by mid-

Easing of Airline Ownership Rule?

Virgin Atlantic Welcomes Possibility of Relaxation of U.S. Law

WASHINGTON — The U.S. government may propose relaxing a law that prohibits foreigners from owning more than 25 percent of a U.S. airline, Transportation Secretary Rodney Slater said Friday. Increased access to the world's

largest aviation market would come as part of a proposal to Congress next year to overhaul U.S. airline competition policy, parts of which date back to the World War I era, Mr. Slater said. The inability of foreign carriers

KLM Royal Dutch Airlines NV and Northwest Airlines Corp., and between British Airways PLC and US Airways Group Inc., both based on minority stakes, both ended in divorce in recent years. A relaxation of the 25 percent rule would be "a very small ges-

Keith McMullan, an analyst at domestic market. Aviation Economics, a Londonbased consultancy. "The most it spokesman, gave a "qualified would do is bring U.S. ownership welcome" to Mr. Slater's state-laws in line with European own-ment. "There is a real opportunity ership laws." European Union to go into the U.S. market and laws permit non-EU carriers to offer a low-cost, high-quality airown 49 percent of airlines based in line - there would be clear syn-EU member-countries.

Mr. McMullan said increased foreign investment in the U.S. aviation market could bring substantial benefits. He said there had been a trend recently toward cooperation rather than competition in the to take control of U.S. airlines has United States, and fares on many caused friction. Alliances between routes have increased, while service quality has declined. The market is in danger of being dominated

by three big domestic alliances. One result of lifting the restrictions might be to make it easier for Richard Branson's U.K.-based relaxation of the 25 percent Virgin Group Ltd., which owns Slater's own departmen would be "a very small ges- Virgin Atlantic Airways, to have publicly suggested by the United States, said achieve its aim of entering the U.S. be raised to 49 percent.

Paul Moore, a Virgin Atlantic

a Virgin-owned carrier to control Mr. Slater said that "in some of the proposals that we've considered, the percentage could be higher," adding: "I believe that if we can go forward with a comprehensive aviation bill, this is

ergies with Virgin Atlantic," Mr.

Moore said. He added: "We want

Mr. Slater did not say what percentage change the administration might propose. Some of Mr. Slater's own department deputies have publicly suggested it should

something that should be ad-

MARKETS: Wall Street Fails to Get Excited Over Crisis

Continued from Page 11

said Kenji Karikomi, general manager of the equity department at Daiwa Securities.

■ Technology Stocks Rise

Optimistic analyst reports on Intel and Compaq Computer sparked a rally in computer, semiconductor and software shares that sent the Nasdaq composite index to a record , Bloomberg News reported.

Computer companies "earnings have held up well; they're doing better than a lot of other areas," said W. Thomas Hudson, manager of the \$8 billion Lord Abbett Affiliated

While the Dow was only up 0.3 percent, the technology-laden Nasdaq composite index was up 41.78 points, or 2 percent, at 2,085.66, surpassing the previous peak of 2,050.42 set Dec. 9. The Standard & Poor's 500-stock index gained 8.05 points, to 1,188.03. Advancing and declining shares were about even on the New York Stock Exchange.

Investors showed little reaction to the debate on whether to impeach President Bill Clinton, or to the ongoing military attack on Iraq.
Intel rose 31/s to 120, and Compaq

rose 2 9/16 to 42% after analysts at Morgan Stanley Dean Witter & Co. issued bullish reports on the two companies, the biggest makers of semiconductors and personal computers, respectively.

Cisco Systems and Dell Computer shares also gained. Drug shares fell on a report that pharmaceutical companies are bat-iling legislation in Congress that would reduce the price Medicare re-

cipients have to pay for medicines.

The Allen Bill, introduced in September, would give elderly consumers discounts on drugs. benchmark 3 Nike stock fell 1¾ to 39¾. The 5.01 percent.

world's largest maker of athletic shoes and clothing said late Thursday that its second-quarter profit dropped 51 percent as the National Basketball Association's lockout hurt sales. While the decline was smaller than forecast, revenue fell more than expected, and orders for future delivery dropped 10 percent.

Treasury bond prices were little changed, with the yield on the benchmark 30-year issue steady, at

Borg-Warner to Acquire Kuhlman

CHICAGO - The auto parts maker Borg-Warner Automotive Inc. said Friday that it would acquire Kuhlman Corp., a supplier of turbochargers and engineered parts for commercial vehicles, for \$660 million.

Borg-Warner, which supplies auto parts to every major auto-maker, said it would pay Kuhlman holders \$39 a share. The deal includes cash, \$150 million of Borg-Warner stock and the assumption of debt.

The purchase of Kuhlman is the

Dec. 18, 1998

-79 -18 -16 -17 -16 -17 38.250 14.430 5.370 4.335 5.435 6.275

trucks and probably buses. Turbochargers add power to diesel

"There's a real opportunity to apply this technology in the U.S. to passenger trucks, which have been gaining in popularity here," said Richard Hilgert, an analyst with Fahnestock & Co. in Detroit.

Makers of auto and truck parts have been consolidating to broaden their product lines and to offer complete parts systems as automakers seek to cut manufacturing costs.

Borg-Warner shares closed second for Borg-Warner in a 62.5 cents lower, at \$50.875, and month and allows it to expand into Kuhlman jumped \$5.9375 to the market for turbochargers on \$37.4375. (Reuters, Bloomberg)

Dollar Slips Before Vote On Clinton

Holding to

NEW YORK - The dollar slipped against most major currencies Friday on expectations that the U.S. House of Representatives would vote to impeach President Bill Clinton, sending him to a trial in the

"Holding U.S. assets is risky when you weaken the U.S. pres idency," said Doug York, a fund manager with Campbell & Co., in Towson, Maryland. 'Our country is in a grave state," he added, before

FOREIGN EXCHANGE

predicting that the dollar could fato 108 yen and 1.60 Deutsche mail

by the end of the year.

At 4 P.M. in New York, the dollar fell to 1.6650 DM from 1.6675 DM, but edged up to 116.30 yen from 116.25 yen.
The dollar pared steeper losses

after President Saddam Hussein vowed in a speech that he would not give in as a third day of U.S.-led air strikes against Iraq began. John Cholakis, a currency trader at Daj-Ichi Kangyo Bank, said: "Saddam doesn't plan to back down. Things are going to escalate, so the dollar is benefiting as a safe haven.

Against other major currencies, the dollar was at 5.5840 French francs, down from 5.5925 francs. and at 1,3486 Swiss francs, down from 1.3490 francs. The pound rose to \$1.6810 from \$1.6733.

Traders said impeachment of N Clinton may not drive the dollar down much further since that outcome had already been factored into the dollar's value.

The U.S. currency suffered in recent weeks on concern that the proceedings would distract the government and diminish the appeal of U.S. financial assets:

Concern that Latin America's slowing economies will stunt growth in the United States is also prompting investors to shun the dollar, analysts said. The United States conducts almost one-fifth of its trade with the region, traders said.

Brazil burdened with a \$64 billion budget deficit, will receive \$41.5 billion in international aid on condition it cuts its budget and raises taxes. The economy is likely to shrink further next year, following a 1.5 percent contraction in the third quarter. "Brazil is still not out the woods," said Francis Breedon, a currency economist at Lehman Brothers International in London.

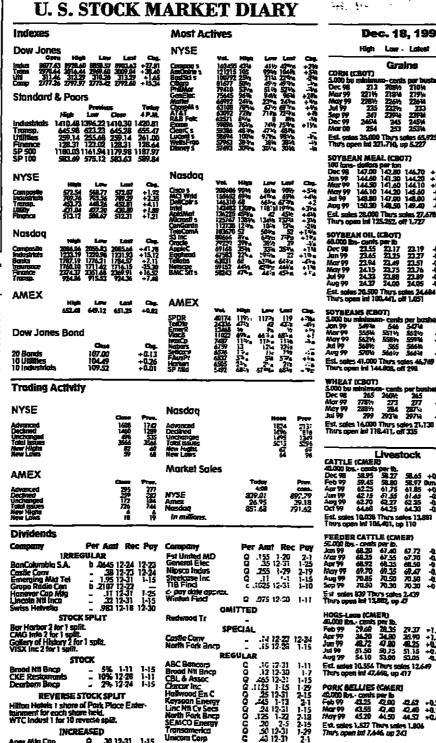
High Low Latest Chine Option

The Trib Index Jan. 1, 1992 = 100 +0.53+ 14.98 World Index + 1,61 - 0.42 + 17.83 **— 0.18** Europe + 2.70 N. America + 0.97 +30.12S. Amença + 1.97+ 41_82 -1.18**—** 0.49 + 14.34 + 2.50 + 11.27 -0.57Energy 136.82 + 0.89 Finance + 25.91 -- 3.11 + 0.35 + 1.07

AMEX

Friday's 4 P.M. Close up to the closing on Wall Street.

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A STAN

EUROPE

SGS Holding to Slash 3,500 Jobs and Sell Units Lagardere

GENEVA — SGS Holding SA, a force is his biggest step since taking growth has slowed to about 5 perinstitutional clients; and business or 12 percent of its work force, and sell its insurance and bealth care units as it coped with the loss of

government contracts in Asia SGS, which once earned as much such customs services as agriculas three-quarters of its profit monitoring imports and exports, said the ization would lead to special (\$319 million) and a 1998 loss of about 300 million Swiss francs. But the company added that it expected to return to profit in 1999, with earnings of 75 million to 100 million francs. SGS also plans to omit the 1998 dividend

The decision by the chief exec-

ranstoms inspector for 140 countries, over in August with a mandate to cent, half last year's rate and the certifications, auditing and manage-said Friday it would cut 3,500 jobs, overhaul the company. Mr. Czura slowest since 1993, a report from the ment systems for companies. overhand the company. Mr. Czura said he wanted to do more work with companies, such as certifying food and inspecting the accuracy of gasoline pumps, rather than relying on

SGS, which is heavily dependent on world trade, has seen revenue fall Swiss Market Index. charge of 430 million Swiss francs because of a drop in commodity prices and the inability of customers in some emerging markets to pay for its inspection services.

tural inspections.

Recessions in Indonesian and SGS, contributing to a 91 percent companies, food processing, retail-drop in profit for the first six months ing, textiles, electronics and ser-is to be sold next year.

slowest since 1993, a report from the ment systems for companies. World Trade Organization showed this month.

year, making SGS the worst per-former of the 22 companies in the really make this work."

70 percent of revenue derived from inspection and testing. These include services for oil, gas and chem-Pakistan prompted governments ical industries; mining and mineral there to break off contracts with markets; agricultural commodities

"Their profit forecast is positive and something I hadn't expected," SGS shares fell 81 francs, or 6 said Andres Gujan, an analyst at percent, to 1,287 francs. The shares Bank Vuntobel in Zurich. "But we have slumped 46 percent so far this need to know more about their fu-

The forecast for 1999 net income SGS now narrowing its focus to of 75 million to 100 million francs six areas of business, representing does not include possible one-time gains from the sale of the insuranceservices unit, SGS's second-biggest business with sales of 637 million marks.

> The insurance unit, which offers loss-adjustment services to insurers,

To Sell Stake In Matra Unit

PARIS - Lagardere SCA said Friday it would sell shares in its Matra Automobile subsidiary in an initial public offering that analysts estimate would value the maker of Renault SA's Espace minivan at about 3 billion francs (\$536.4 mil-

Matra Automobile is seeking partnerships to replace its accord to ouild the Espace, the best-selling European minivan; Renault plans to assume full production of the minivan in 2001. Philippe Guedon, Matra Automobile's chief executive, said the company was in talks with PSA Peugeot Citroen SA and German and Latin" companies.

Matra Automobile is benefiting from booming demand for the Espace - the company estimates 1998 sales growth of 20 percent. Matra Automobile, which accounts for 12 percent of Lagardere's sales, makes everything except the engine and gearbox for the Espace.

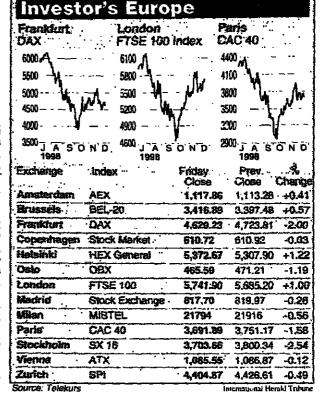
A sale would fit with Lagardere's plan to focus on defense and publishing as it prepares to become the main private shareholder in Aerospatiale, the biggest French aerospace and defense company. Lagardere makes missiles and owns Hachette Filipacchi Media, the publisher of the popular women's

magazine Elle, among other titles.
"Not only would an IPO allow Lagardere to recoup part of the money it's invested in cars," Mr. Guedon said, "but it would also allow us to finance our future investment programs."

The company would not say if it would sell all or part of the unit. Matra plans to build Renault's future luxury vehicle, the D-66, although there is no guarantee it will be as popular as the Espace, which

Matra began making in 1984. "Matra's got a good partnership with Renault," said Philippe Gossard, an analyst with Credit Lyonnais Securities in Paris, who estimates the unit is worth about 3 billion francs, "Renault bears all of the commercial risks involved with the partnership. Matra doesn't have a sales network — all it does is build the cars under contract.

Lagardere shares rose 2 francs apiece to 225 francs.



Very briefly:

 Lafarge SA, France's largest cement maker, is buying the cement business of Tata Iron and Steel Co. of India for 5.5 billion rupees (\$130 million) as part of a strategy to expand to emerging markets. India's second-largest steel company, is shedding its cement business to focus on the steel sector.

•Italy presented draft legislation that would scrap its special decision-making powers over companies it once owned, in a rush to halt European Union court proceedings. The reform of the so-called "golden-share" practice would eliminate the Treasury's powers over companies, such as a veto right on mergers and acquisitions or board appointments, which the EU says are a breach of free-market rules.

• Royal KPN NV, the Netherlands' dominant telecommunications company, raised its stake in the Czech Republic's national phone company SPT Telecom AS for 500 million guilders (\$266 million), acquiring voting control in the company. KPN bought an additional 6.5 percent stake, increasing the SPT stake it controls with Swisscom AG to 33.5 percent.

• Russian lawmakers approved, in a first vote of three, part of a package of tax legislation aimed at reviving industrial production by shifting the tax burden to consumers from manufacturers. Deputies approved a gradual reduction of the value-added tax rate from 20 percent and cutting the corporate tax rate to 30 percent from 35 percent.

 Scandinavian Airlines System has exercised an option to raise its stake in Wideroee's Flyveselskap ASA, Norway's third largest airline, to 63.2 percent, further cementing its leading position in the region.

• Thomson-CSF, a French defense electronics group, announced its net loss for 1998 will be around 1.5 billion francs (\$270 million) because of an exceptional 3 billion franc restructuring charge

Eentral Bank Assists Probe **Of Lyonnais**

PARIS — A French judge is exopened to competition at the start of Telekom's call minutes would inamining central bank files on Credit the year, the German telecommucrease this year by about 5.5 per-Lyonnais SA, the bank that nearly nications regulator said Friday. collapsed after a rags-to-riches rise, in his investigation into Credit Lyonnais's former management, the

Bank of France said Friday. The central bank said it had handed over all relevant documents for the period 1990-1994, when Jean-Yves Haberer, who was then chairman of Credit Lyonnais, alaggedly concealed financial prob-

Mr. Haberer is under investigation on suspicion of misusing cor-porate funds, presenting inaccurate accounts and giving wrong infor-mation about the bank's situation.

"The investigating magistrate, accompanied by officers of the judicial police, arrived at the bank yesterday morning to ask for a certain number of documents relating to the Credit Lyonnais accounts from 1990 to 1994," a central bank spokesman

Credit Lyonnais nearly went bankrupt in 1992 after building up a big portfolio of stakes in French companies that were then hammered by recession. Successive rescue packages have cost French taxpayers more than 120 billion francs (\$21.5 billion).

STATE #

Telekom Rivals Grab Big Chunk of Market

BONN — Deutsche Telekom poly, might be losing market share, distance calls by the end of this year, G's rivals have grabbed one-third he said, deregulation is lifting the he said. AG's rivals have grabbed one-third of Germany's long-distance phone entire industry.
business since the market was Mr. Scheurle estimated that

Klaus-Dieter Scheurle, the head of the regulatory body, said that prices had fallen as much as 70

percent and that he expected the Although Deutsche Telekom,

cent, to 183 billion minutes. The overall market, however, is

increasing at a faster rate. New entrants to the market, ranging from little-known startups such as MobilCom AG to utility-backed ventures like O.tel.O, will have carried

Mr. Scheurle also said compe-

tition had helped to create jobs. New fixed-line companies, he said, had hired 16,400 people and mobile phone companies had added

22,000 more. Growth is also soaring in the mobile phone market, with 13.5 million new customers since the start of the year, an increase of 65.2 percent. (Reuters, Bloomberg)

German Firms' Spin-Offs Aim for Clarity

common currency and the loss of tax breaks, are shuffling shareholdings to provide the greater clarity international investors demand.

Deutsche Bank AG, the largest creating a separate unit to manage its myriad stakes in some of the largest industrial companies. Dresdner Bank AG, the thirdlargest bank, said Friday it was considering following suit. And Alhanz AG, Europe's No. 2 insurer, and Munich Re, the world's

other's units by swapping stakes. FRANKFURT — German "We appland every step that brings Dresdner Bank is examining banks and insurers, facing more more clarity," said Thilo Steiger, a whether to spin off its holdings — competition under a European manager at AXA Fondsmanagement. ranging from insurers and builders "This trend will continue." Deutsche Bank said Tuesday it

would create a unit to manage bank, said this week that it was such German companies as percent. Munich Re will increase creating a separate unit to manage DaimlerChrysler AG. The bank, its stake in Ergo Versicherungsmance, will segregate its holdings in private partnerships managed by a new unit provisionally called DB Investor AG.

The formation allows a tax-free largest reinsurer, said they would transfer of holdings to the unit, month that it would sell one-third reorganize their holdings in each likely to be prohibited next year. of its business.

Tax considerations may be why to a retailer and a wool processor into a separate unit.

Allianz will raise its stake in more than 40 billion Dentsche Allianz Leben, the No. 1 life inmarks (\$24 billion) in stakes in surer in Germany, to more than 50 percent. Munich Re will increase which said the move would give a gruppe AG, the No. 2 insurer, to clearer picture of asset perfor- more than 60 percent. Both will also fully unwind their positions in each other's U.S. units.

But the spin-offs are limited to hanks and insurers. Metro AG. Europe's largest retailer, said last

Montreal
www.me.org
BCE Mob Cap
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ASIA/PACIFIC

Hong Kong Banks Unexpectedly Lower Rates

those found in the United States and sonally adjusted unemployment rate By allowing bankers to set their HONGKONG—Banks here an—Europe. The proposals are the result. had reached a new high of 5.5 per—own rates, customers could benefit hunced a surprise cut in deposit and lending rates Friday — the third

reduction in less than a month - in a move that analysts said would bolster market sentiment. The Hong Kong Association of Banks said after its regular Friday by 25 basis points, that followed a 25 meeting that its members would lower deposit interest rates by 25

basis points, to 4.25 percent, effective Monday. Major Hong Kong banks then said they would trim their prime lending rates Monday by 25 basis

points, to 9 percent. Meanwhile, the government said it may scrap the association to spur numbers and by unemployment competition by leaving it up to each numbers, we have got a tough few months ahead," Mr. Davies said Kong Monetary Authority is also after the bankers' meeting. considering whether to establish a deposit insurance system similar to government said Hong Kong's sea- That's key.

of an 18-month study by KPMG Peat Marwick, which recommended they be phased in through the year 2002. The banks' association last im-

plemented an interest-rate reduction on Dec. 7, when they lowered rates basis-point rate cut on Nov. 23. Since Oct. 19, banks have cut local interest rates by a full percentage point.
"This cut will assist the market in

regaining confidence," said Mervyn Davies, the bank association's chairman and group executive director of . Standard Chartered Bank. "But, as has been shown by GDP"

The rate cuts came a day after the

banks to set rates while maintaining the currency board - could be difficult, some analysts said. "It's an odd way to do it," said Frank Gong, a currency strategist at BankAmerica Corp. in Hong Kong.

dollar since 1983.

the three months through October.

tem means local interest rates are

based on the supply of Hong Kong

Changing that system as the KP-

MG study recommends - allowing

"On the one hand, you're keeping the currency peg, and on the other, you're taking away a reference rate for banks. You need a reference rate.

cent for the three months through as banks seek to attract more de-November, up from 5.2 percent in posits. At the same time, deregulation could hurt smaller banks that Hong Kong's currency board sys- cannot afford to pay higher rates. "There is no free lunch with in-

By allowing bankers to set their

terest-rate deregulation," said David Carse, the monetary authority's dollars, which have been pegged to the U.S. dollar at about 7.8 to the deputy chief executive. "Not everyone will gain."

The proposal to create a deposit insurance corporation, similar to the Federal Deposit Insurance Corp. in the United States, would strengthen the currency peg, said Desmond Supple, head of research at Barclays Capital in Singapore. The KPMG study also recom-

mended tighter disclosure rules for foreign banks, under which their local branches would have to comply with Hong Kong disclosure stan-(Reuters, Bloomberg)

■ Ratings of 5 Banks at Risk The U.S. ratings agency Standard the commingling of company and & Poor's Corp. warned Friday that it was considering downgrading the credit rating of five major Chinese financial institutions because of continued weakness in their domes-

tic operating environment, Agence France-Presse reported. The banks are Bank of China. which would be able to trade on their Bank of Communications. China

Construction Bank, China International Trust and Investment Corp., Other brokerages would need a and Industrial and Commercial

And Lifts Stake By Sandra Sugawara Washington Post Service TOKYO - General Motors

Link to Isuzu

Corp. said Friday it would buy \$456 million of new shares in Isuzu Motors Ltd., raising its stake in the Japanese truck manufacturer to 49 percent from 37.5 percent.

Isuzu's responsibility for developing trucks and other commercial vehicles for GM will expand, in return for the cash, which Isuzu needs to write down its debt and fund research. Isuzu reported a \$45 million loss in the half year ended Sept. 30.

The move was the latest in a series of tie-ups and mergers as the auto industry reorganizes in the face of falling demand for cars and trucks, especially in Asia, intensifying global competition and soaring costs of tougher emission standards.

Nissan Motor Co., Japan's second largest automaker, also announced a plan Friday aimed at strengthening its weak finances. Nissan executives said the plan targeted reducing domestic capacity by 2003, and said the company would

consider closing plants. Nissan executives, however, denied rumors that they were in talks to sell off part of the company. The stock price of Nissan jumped briefly as those rumors intensified, after the German news magazine Der Spiegel said it would run a story on discussions between Nissan and

DaimlerChrysler AG. Some analysts here have expected GM, the world's largest automaker, to acquire Isuzu. But at a news conference, the GM chairman, John Smith Jr., said GM did not plan to curtail the independence of Isuzu management, according to Reuters. He said GM increased its stake because "GM is asking a lot of Isuzu, and this investment will help provide the financial resources it needs."

Tsunemi Tachibana, an auto analyst for Nikko Research Center, said the fact that GM did not acquire 50 percent of the company indicated that GM "has a great deal of trust in the Isuzu" management, But he said GM might take a majority stake in the future.

The Isuzu move was the latest in recent steps by GM to move aggressively into Japan. In September, GM increased its stake to 10 percent from 3.3 percent in Suzuki Motor Corp., becoming Suzuki's largest shareholder. Suzuki manufacturers minivehicles and motorcycles, and



Very briefly:

 Four Singaporean banks had their financial-strength ratings downgraded by Moody's Investors Service Inc., which cited asset-quality problems linked to Asia's financial crisis. The banks were Development Bank of Singapore Ltd., Overseas Chinese Banking Corp., United Overseas Bank Ltd. and Overseas Union Bank Ltd.

 Haseko Corp., a Japanese condominium builder, is to ask banks to forgive 394.2 billion yen (\$3.39 billion) in loans as a deepening recession pushes more companies to the brink of failure. Haseko plans to cut 1,000 jobs, or 20 percent of the work force, at its parent and 12 group companies over the next year and a half.

 The Philippine government plans to borrow from the \$580 million seized from the late dictator Ferdinand Marcos and held in escrow at a state-controlled bank. Finance Secretary Edgardo Espiritu said. Mr. Espiritu said the Philippine National Bank expected the funds to be transferred next week from Switzerland where they were stashed by Mr. Marcos.

• Malaysia is to borrow from commercial banks to raise some of the money needed to bolster banks and revive the economy, Prime Minister Mahathir bin Mohamad said.

 Hang Seng Bank Ltd., Hong Kong's second biggest bank, is to freeze the wages of all 8,000 employees next year, citing the slowing economy. The move comes after its parent company, HSBC Holdings PLC, said wages steady for more than Lagrange

 Daesung Electric Industries Co., a South Korean auto parts maker, is to raise as much as 10.6 billion won (\$8.8 million) by selling new shares to General Motors Corp.'s Delphi Automotive Systems, the world's largest auto parts maker.

• Matsushita Electric Industrial Ltd. and Mitsubishi Electric Corp. have agreed to develop jointly next-generation system large-scale integration chips.

• Japan is to begin imposing high tariffs on rice imports starting in April 1999. Imported rice will face a tariff of 351.17 yen per kilogram in fiscal 1999, and 341 yen per kilogram in and after fiscal 2000. Bridge News, Bloomberg, AFP, Reuters, AP

China Defines Illegal Trading in Draft Law

BEUING - China plans to set

clear definitions of insider trading and split its brokerage industry into two tiers as part of a major restruc-turing under its first securities law, according to a draft of the law obtained Friday.

The draft law states that insider price-sensitive information and inmation by corporate executives, employees and major shareholders. It also specifies what types of cortions and major shifts in corporate policy, are covered.

Hachette Buys Up

Filipacchi Medias, a French

publisher that produces Elle

magazine, said Friday it would

take a controlling stake in

Terms were not disclosed.

1905, has nine magazines, in-

cluding seven women's publi-

Fujingahosha, based in Tokyo, has a staff of 260. Ac-

cording to Hachette Filipacchi

it had sales of 13 billion yen

(\$111.9 million) last year.

Fujingahosha, established in

Fujingahosha of Japan.

Japan Publisher

TOKYO

cations

China has been drafting a secu- brokers from agreeing to offset the and be restricted to trading on behalf rities law since 1992, but sharp dif- trading losses of their customers and of customers. (Reuters, Bloomberg) ferences of opinion over its contents have held up promulgation. Analysts said China finally was nearing

implementation of the law. The draft law allows the confiscation of illegal profits and the imposition of fines of 100 percent to trading refers to a wide range of 500 percent of the profits or the value of the securities traded. Crimcludes the use of privileged infor- inal prosecution may be pursued, it says, and insider trading by securities regulators will be treated with

particular severity. own ac The draft law also would prohibit curities short-selling and bar brokers from

from commingling customer funds with brokerage money.

Beijing is determined to prevent client funds, a common practice among brokerages. Under the two-tier brokerage sys-

tem, the state would require a minimum registered capital of 300 million yuan (\$36 million) for so-called comprehensive securities firms, own accounts and underwrite se-

financing stock trades. It bans registered capital of 50 million yuan Bank of China.

As Earnings Dive, BHP Sells Some Units

Agence France-Presse - Hachette

SYDNEY — The Australian resources company Broken Hill Pty. announced a 45 percent drop in firsthalf earnings Priday as its new American chief executive made his mark by announcing asset sales and a management reshuffle.

"Never before has BHP experienced market conditions where prices for so many of its major products have fallen to this extent at the same time," said its chief executive, Paul Anderson.

Profit fell to 436 million Aus-

from 793 million dollars a year ago. Revenue fell 5.3 percent, to 9.95 billion dollars, as prices for copper, oil, steel and coal dropped amid falling demand in Asia.

Profit and cash flow was also affected by an explosion in September at the Longford gas plant in Victoria state, which halted oil pro-duction for two months and slashed earnings by 60 million dollars.
Mr. Anderson also said that BHP

was selling its power assets to his former employer, Duke Energy, for 509 million dollars. Two manganese tralian dollars (\$271.4 million) in assets also being sold as well, to the six months that ended Nov. 30, British-based Billiton PLC, for 601

million dollars. Billiton, which was spun off last year from South African mining group Gencor Ltd., is the world's biggest producer of ferrochrome and ferromanganese.

More sales of nonstrategic assets are expected, analysts said. Also Friday, the chief operating officer, Ron McNeilly, was appointed executive director and president of BHP Minerals, reporting directly to Mr. Anderson, who also made several other management changes.

Mr. McNeilly will oversee the managers of newly created divisions within the minerals business. (AFP, Bloomberg, Bridge News) is to develop compact cars for GM.

EURO: Japanese Investors Rush to Buy European Currencies

now sit in dollars.

In another sign of the euro Tuesday that it would con-denominated in Deutsche billion in overseas assets into sand, global head of currency euros, based on the fact that research at J.P. Morgan in enros and dollars have about London. equal weighting in the Salomon government bond in-

12 Currently, the company invests about 30 percent of that money in currencies that will become fixed to the euro at the end of this month.

with major holdings of dollar reserves, may figure that "if you spread your bond holdeconomist for Banque Paribas in London.

But for Japan, the move resear at ABN Amro Asia in Frong Kong and the author of tion, and partly geopolitical, because they're fed up with being told what to do by the United States."

Japan is on the receiving end of endless pleas by the U.S. government to fix its banking system to roust the economy out of recession, but inanciers of America's bulging current account deficit. Japan sells the U.S. more goods than it buys, and then invests many of the dollars it earns into U.S. bonds. And that, too, could impact its inclination to invest in euros.

The U.S. ambassador to Japan, Thomas Foley, in a speech Monday, warned that the rising trade imbalance between Japan and the United States could lead to increased frictions between the countries next year. In October, Japan's trade surplus with the United States was \$6 billion, up 32 percent from a year

pain the event of U.S. trade sanctions against Japanese exports, in retaliation for higher duties on rice imports into Japan or other trade itritants, Japan may feel more comfortable holding more euros, which would reflect an

that a substantial amount of Asian trade will be denom-

But too strong a stampede out of the dollar would pose the threat of an overvalued

currency reserves in the "What will make the euro lar," she said. The yen could vaults of Asia's central banks a reserve currency is the fact become "excessively overlar," she said. The yen could valued" as a result, she ad-

sider moving half of its \$34 marks," said Avinash Per- look for both the dollar and euro, said Mrs. Hama at Mit- Miyazawa, that pricing cur-

We may end up with currency proved unwise in York.

Continued from Page 1 increasing dependence on competitive devaluations bethe run-up to the Asian fitrade with Europe. tween the euro and the dol-nancial crisis.

groundswell, Japan's largest inated in euros, whereas a tiny Japan to export its way out of proportion of Asian trade was recession. euro. Asian countries may also wish to reduce their re-

of a general recognition, re-iterated Tuesday by the Jap-anese finance minister, Kiichi

As the dollar strengthened against the yen and most European currencies in the ded, making it even harder for mid-1990s, exports from Asia lapan to export its way out of recession. In the region had allowed sharply because most countries in the region had back for heat the delivered and the region had the reg cies to the dollar. Eventually, the current account deficits that resulted touched off a liance on dollar reserves out loss of confidence among investors and the consequent crisis.

Mitchell Martin contribrencies solely in terms of one uted to this report from New

Japan, along with China HOSPITAL: An Ophthalmologist With a Vision

Continued from Page 11

Lee chief capital markets get free meals and free lodging: straw mats in

Neither wing accepts appointments. Patients who arrive on early morning trains from into the curo may make sense on an additional level. Christopher Wood, managing discorder wood, and the confer is served. At 5 A.M. Monday through Saturday, the hospitals open for business.

nance, called the move swamy started during his government service. partly sensible diversifica- Teams of doctors and nurses visit rural areas, screen hundreds of people with eye ailments and identify those who need surgery. A mar-

tap local businesses for publicity, and in-dustrial concerns usually sponsor the buses

hospital in Tamil Nadu next year. But he

International and groups fighting blindness in the United Kingdom and Germany, Aravind works with 50 hospitals across India to improve eye-care management. It also trains in developing countries from Asia to Africa.

keting representative has already been by to

ings you reduce your risk surgery and two nights in a private room. In against currency fluctu- the other wing, patients pay for the lens and ation," said Paul Mortimer- suture, about \$12, if they can afford it. They wards for 30 to 40.

From Kong and the author of Sundays are reserved for mobile eye two books about Japanese fi-

that transport patients to Aravind hospitals. Dr. Venkataswamy plans to open one more

knows that in the long run, the solution to blindness will not be building more facilities: It will be helping eye doctors and administrators at hospitals in India and abroad replicate his model. Under a program funded by Lions Chib

"We want to go global," Dr. Venkata-

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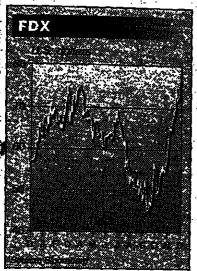
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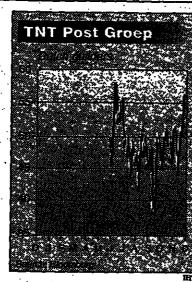
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In a Season of Giving, A Look at Returns From Companies That Deliver

By Judith Rebak

where you want them to go—and fast than during this season of annual gift-giving holidays?

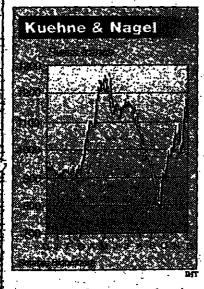
The public is the publ

This is the moment when timeliness and other benefits of mail and packas Christmas is, there is a lot more Motor Co. going on in the delivery industry Stephen going on in the delivery industry
today. Depending on where these
companies operate—and increasingly
their mandates are global—the issues

Stephen Vrolijk of ABN Amro said
the likes TNT Post Groep's prospects,
even though some analysts are wortheir mandates are global—the issues

ried about the effects of a global ecorun the gamut, from privatizations of nomic slowdown on the company's government-run postal services, mer- business. gers and acquisitions, internet commerce and even warehousing and

freight-forwarding services: Two weeks ago, for example, pares in FDX Corp., the parent of overnight delivery service, leaned 7.18 percent in one day, as Internet hype swept the sector. The run-up came amid predictions that the grow-



ing numbers of consumers shopping on-line would fuel a boom in demand for delivery services.

As familiar as FedEx is to consumers around the globe, its share performance over the past few years has been disappointing. Moreover, a number of analysis were unimpressed with the Internet story. Jeffrey Kauffn of Merrill Lynch & Co. noted that Federal Express specializes in the expensive, first 48-hours-of-delivery segment of the market.

When we think about what we order on the Internet, we don't want to in Europe's fragmented freight-forpay \$20 on a \$30 compact disk to get it tomorrow," he said. In his view, FedEx has seen the most interest because it is the largest of the public companies, but it is the U.S. Postal Service and United Parcel Service, but slower 72-to-96-hour delivery sector, that will profit. Neither of

them are public companies. As an investment, Mr. Kauffman said he prefers Airborne Preight Corp., a smaller company that, like FedEx, specializes in the first 48 hours of delivery.

They are in my opinion the best no frills, high-service, low-cost alternative in that group," he said. Airborne also compares well with FedEx cent stake in Knelme. price-wise. "FedEx is at 18 times earnings right now, while Airborne is the company for Flemings Securities at 10 times earnings," he added. "On in London, said Kuehne deserved to a price-earnings basis, that makes it be bought simply as a good-quality 40 percent cheaper than FedEx."

lesser-known player, CNF Transportation Inc., which owns Emery Worldwide Airlines, a market leader their margins are wider." He added in the heavy parcel business. Emery that Kuehne operated in the more has a \$1.7 billion contract with the profitable container-size goods area, U.S. Post Office for sorting and transporting Priority Mail. His 12-month freight. target price for CNF shares, currently

trading around \$30; is \$50. Bur for many analysts who follow this sector, Europe is where the action the company's chief executive, Klausis, Privatization, or preparing for it, is Michael Kuchne, is the majority

just like corporations, cutting costs, restructuring and making acquisitions to build critical mass in related busi-HAT BETTER TIME of nesses. Their objective: to join the year to check out investing in companies that get ing in companies that get in the global mail, package and freight delivery services.

mail throughout the Netherlands, global express mail and logistics, such as wareage-delivery businesses are at their housing and distributing auto parts for most obvious to consumers. But as big customers, including Flat SpA and Ford

"We don't think the effects will be so hard because of the mail and express revenues," he said, noting that mail service in the Netherlands, a TNT Post Groep monopoly, a Federal Express, the world's largest for nearly 80 percent of the company's operating profit. "Mail is the financial engine that produces the cash flow that they will use to improve the other divisions."

In any case, TNT Post Groep already is highly profitable, said Mr. Vrolijk. Some of its gains, he said, have been masked by costs of restructuring and acquisitions. we're now at a time in 1999 and 2000 when most of the revenues resulting from these reorganizations will start to come through, and we expect a lot of margin improvement." He is estimating earnings per share of 1.80 guilders (\$.95) for this year, and 2.29 guilders for 1999. Mr. Vrolijk said he expected the company to make more acquisitions for its express and logistics business. "By combining mail and logistics, they can offer their biggest business customers a whole range of guaranteed deliveries," he said.

Among the prime candidates are small freight-forwarding companies in Europe. With the relaxation of customs regulations, and the common currency looming, the traditional services these companies provided is no longer in great demand, making them prime takeover candidates for bigger players who are branching out into

In one such example, Deutsche Post AG, the German postal service, which will itself be privatized in 2000, has been on a buying spree. Its most recent acquisition is Danzas Holding AG, a Swiss freight forwarder, for \$1.08 billion. The announcement of the deal two weeks ago produced a tidy 36 percent windfall for Danzas's shareholders and fueled share price run-ups

warding sector. This week, TNT Post Groep snapped up a French-based express-mail company, Jet Services SA, for 2 billion francs (\$363.6 million). Earlier this year, Jet Services purchased which specialize in the less-costly, Nacht Verteiler Service of Germany.

Other likely targets include Knehne & Nagel International AG, another Swiss freight-forwarding company. Kuchne & Nagel has a contract with DHL Worldwide Express, a private American company, to carry parcels in Europe, Africa and the Asia-Pacific. Takeover speculation started in October when Viag AG, the German utility, said it would sell its 30.3 per-

Martin Dixon-Ward, who follows O percent cheaper than FedEx."

Company, not merely as a takeover candidate. "It's very tightly run and very profitable," he said. "While their basiness is similar to Danzas, concentrating on air and ocean

Moreover, investors looking for a quick acquisition play could be disappointed. Mr. Dixon-Ward noted that is renvanzation, or preparing to it, is maintained as the inagority transforming once-sleepy, government-owned postal services into big can get the right price," he said, "but companies that are being managed they are not in a hurry, in my view."

Should Investors Bank on the Post Office?

By Barbara Wall

LMOST EVERY town in Europe has at least one, but can the post office compete with banks and other financial institutions for the savings of small investors? About 30 postal systems around the world, most of them in Europe, operate virtually as full-service banks, with investment services and checking accounts.

The image of the post office has changed over the years. It used to be seen as a solution for simple savings products and no-frills checking accounts. Now, many post offices have savings products linked to stock markets, while some offer telephone brokerage services and on-line bank-

ng.
In many cases, this change of image has come about because of internal re-organization. For example, in the Neth-erlands, the financial services arm of the post office was privatized in the mid-1980s and became Postbank. Postbank then merged with Nationale Nederlanden in 1990 to form part of ING Group NV. Branches of the state-owned Dutch post office still act as a dis-tribution channel for Postbank products, but that is the limit of their association.

Similar developments have occurred in Belgium, Denmark, Germany and Italy, Girobank, the financial services arm of the Danish post office, became part of BG Bank in 1996, Banque de la Poste in Belgiam is owned jointly by the Belgian government and Fortis Group AG. Deutsche Postbank AG in Germany, meanwhile, is a full-fledged state-owned credit institution, but the government is planning to begin privatizing it in 2000.

France is one of the few countries in Europe where the post office remains intact. La Poste is a national institution, wholly owned by the state, which has not announced plans to privatize it.

Post office products and services differ markedly from country to country, but most of the national post offices surveyed have two features in common: They have a reputation for value and convenience, and almost anyone can open an account, even nonresidents.

Generally, you do not have to be a citizen or a resident to invest with any of Poste, the most popular savings product the national post offices in Europe. But is a simple, tax efficient savings plan you will probably have to be called Livret A. With Livret A you will probably have to be physically present to sign the necessary documentation. A spokesman for Dutch Postbank said that depending on where an account holder lives, it

A BANKING E might be possible for the papers to be signed at a foreign subsidiary of BG Bank. Banque de La Poste usually requires account holders to have a postal address in Belgium, but nonresidents

can still open an account if they have a mailbox number in Belgium. This number can be arranged through the Belgian post office. In all cases, some form of identification is required to open a postal

savings account. In Germany and Denmark, a passport will usually suffice. In France, applicants must show a passport and a recent utility or telephone bill bearing the home address. Of all the state-owned post offices in Europe, La Poste probably offers one of

the widest ranges of products and services. It also has a reputation in France for offering some of the best savings rates on the market and the lowest account-maintenance charges.
In a recent survey of 15 major credit

institutions by a French consumer magazine, La Poste was found to be the least expensive and the one that offered



the best value. It is also one of the largest credit institutions in France. It has over 18,000 branches and more than 26 million clients. There are 10 million checking accounts held with La Poste and 23

million savings books. La Poste offers a variety of investment products, including guaranteed stock mutual funds, passbook savings accounts for youngsters and for lowincome savers, and life-insurance products.

there is no minimum investment threshold and customers can invest or withdraw funds whenever they choose, without having to pay commission or tax. Livret A offers an interest rate of 3.5 percent one of the best rates in France

for this type of savings product - but the investment is limited to 100,000 francs (\$18,000).

A customer of La Poste can buy any equity or bond on the Paris stock exchange or on foreign stock exchanges through the post office. The order can be made with one of the financial services consultants at the post office or by telephone at 20 investment call centers. Expect to pay dealing charges and com-mission of about 1 percent for equity purchases and 0.25 percent for bonds.

The Belgian post office does not have the breadth of product range that is available in France, but it is a major force in the country's financial services industry. It is not possible to buy stocks or bonds through the Belgium post office, however, and the products that are available are limited to simple savings plans that pay 3 to 3.80 percent in annual

Since November, a new savings product linked to the Belgian stock mar-

to post office customers. Post-Click is a capital-guaranteed equity fund. The minimum subscription is 25,000 Belgian francs (\$730), and investors must keep their investment in the fund for

seven years. Posthank AG in Germany has recently streamlined its product range. There are two simple savings contracts for investments under and above 3,000 Deutsche marks (\$1,875). The interest rates are 1.50 percent and 3.0 percent, respectively. Postbank customers can also buy savings bonds, or Shpabrief. The minimum investment is 5,000 DM and the money must stay invested for six

abrief is 3.75 percent. Customers of Postbank AG cannot trade stocks and bonds, but they can buy any of 17 Postbank mutual funds. All of these funds are relatively new - the first was introduced in February 1996. The best-performing fund of the bunch is the Postbank Dynamic Global investment fund, which has chalked up a return of more than 200 percent since it

years. The annual interest rate on Shp-

started two years ago. The Danish post office, Post Danmark, sells simple products of BG Bank, including checking and savings ac-counts. The top rate of interest payable on a fixed-interest savings product is currently 4 percent. For equity-linked products or stock dealing, customers are generally referred by the post office to

"Considerable potential lies in the referral of customers from post offices to BG Bank and in the establishment of BG Bank branches at selected post offices," a spokesman for BG Bank said. The bank's distribution network now comprises 270 branches, as well as 1,141 post offices. Bank branches are

found at 14 post offices." Postbank is one of the largest players in the Dutch savings market, with seven

ket index, the Bel 20, has been available million account holders. At the heart of the bank's product range lies the Giro account, which is a simple checking account widely used by businesses and retail customers for bill payments.

> accounts, offering different rates of interest depending on the balance. Customers also have a choice of nine Postbank investment funds.

> There are also a range of Giro savings

Customers of Postbank can trade in shares and options on the stock exchange via the stock exchange order hine, or Beursorderlijn. Postbank has also introduced a computerized shareprice information line for customers. The bank does not charge commission for these on-line services.

Banco Posta, the financial services arm of the Italian post office. is also a state-owned enterprise. It, too, offers a range of basic savings and checking account products, although the stated aim of the bank is to become more like the privatized savings banks in Italy.

"Serious investors are unlikely to have an account with the Italian post office," said a spokesman for Comitato Consumatori Altroconsumo, or CCA. an Italian consumer's association. "Its main customer base is the elderly and

the retired." 'Although some of Banco Posta's products are reasonably competitive, he added, "the bank is not as convenient as many other savings banks. If you want to deposit money with the post office, you have to go there physically and use the same branch on each occasion. Also, on-line banking is very popular in Italy, but Banco Posta does

not offer this facility.' For further information, call: • BANCO POSTA (Italy), 39 1 67 86 30 11. BG BANK (Demmark), 45 43 30 70 05 or 44 171 417 1000 DEUTSCHE POSTBANK AG 49 69 15629 • LA BANQUE DE LA POSTE (Belgium), 32 2 204 6616 POSTBANK (Netherlands) 31 20 584 644-

Japan's Thriving Postal System Saps Private Sector

By Miki Tanikawa

T WOULD SEEM safe to assume that with a slew of convenient services, a fifth of the country's national savings and better interest rates than its private-sector competitors, Japan's postal banking system was an admirable establishment. But the world's largest depositary institution is in fact one of the most reviled branches of the Japanese government.

Thanks largely to its popularity with rural consumers and fears about the future of the country's financial system, the postal banking system, popularly known as Yucho, keeps drawing deposits. Individuals have put more than 250 trillion yen (\$2.1 billion) into the system, which dominates personal sav-

ings in Japan. The problem with the system is that it has soaked up a third of the country's savings deposits at a time when many commercial banks are facing severe difficulties. This money is channeled into public works under a government fiscal investment and loan program. Many of the bridges, roads and ports that are financed in

this way are little used and unprofitable. This is not of much direct concern to depositors. The Finance Ministry, not the post office, allocates the funds and is responsible for repaying the loans. So the deposits have a government guar-antee and thus are safer than money in a bank. Not only that, but for accounts of up to 10 million yen, the interest rate is

That might not seem like anything to cheer about until you consider that com-

mercial banks are paying 0.1 percent for instant-access accounts. For one-yearterm postal deposits, the rate is 0.2 per-cent. At private banks, 0.15 percent is common for the fixed one-year rate.

To counter the intensifying argument that it should be privatized, the postal bank is creating new and innovative products and services. One is a postal cash card that doubles as a Citibank cash card and can be used throughout Citibank's global network outside of Japan. The card also functions as a debit card at stores that are members of the Maestro system.

Cash cards can be used only to withdraw money from cash dispensers, while debit cards can be used at retailers

and the money is deducted from the holder's bank account instantly. Another new service on the horizon is

the planned interconnection of the postal bank's automated teller machine system with that of commercial banks, allowing customers to withdraw cash from both networks. The Postal Ministry also has concluded an agreement with the Japanese credit card company Credit Saison and Visa International on a card that will triple as a cash, debit and credit card, starting early next year.

There are other convenient aspects to postal-system banking. Most of its 24,000 branches have ATMs, which although they tend to be located in res-

IMF Program Benefits South Korean Savers

interest rates. South Koreans enjoy a one-year fixed deposit rate of 9 percent annually at their postal bank, thanks mainly to the International Monetary Fund's structural adjustment program, which requires a

night-money policy. As the currency crisis subsides, the interest rates are falling, however. The same one-year fixed-deposit program offered an interest rate of more than 15 percent only six months ago.

Generous as it is with interest rates. South Korea's postal savings program is not the giant that the Japanese postal bank is.

9 trillion won (\$3.3 million), compared

It has 2,865 post offices around the

THILE IAPANESE depos-itors are offered ultra-low personal savings.

An official in the international postal division at the Ministry of Information and Communication said that the rates at the postal bank were generally lower than the equivalent rates at private

banks. He also noted that the postal banking system offered no financial services that set it apart from private financial in-

Still, for cash withdrawal, the postal system charges a smaller fee than those

private banks. Indeed, a South Korean financial official in the government said, "We have tried to curb the growth of the postal bank, so as not to repeat the mistake in country, with a total personal deposit of Japan.

- MIKI TANIKAWA this money-wiring service.

idential areas away from preferred tocations such as train stations and shopping districts, may be the only cash machines in some rural areas.

The Post Ministry has been aggressive in terms of establishing tie-ups with credit card companies and have produced about 40 types of credit cards that draw on Yucho savings account.

NOTHER ATTRACTIVE feature of the postal ATMs is that they do not have fees for cash withdrawals, no matter where the money is taken. Travelers can access their cash anywhere in the country and parents can use the system to send money to children attending college in other cities, a de

facto free remittance system. Even when out-of-town use is not a consideration, the postal bank's cash cards beat those of their private rivals by not charging commissions for use on

holidays. Postal-banking services generally carry fewer fees than those of commercial banks. Like their private-sector competitors, they do not require minimum deposits nor an-

nual account maintenance fees. Where fees are charged, they are often less than at private banks: An international money order in dollars, for example, with value of 100,000 yen or less, costs only 1.000 yen at the post office, compared with 2,500 yen elsewhere. Money wired abroad is sent at a charge of 1,400 yen, less than balf the 3,500 to 4,500 yen a bank would charge its savings account holders. It is not necessary to have an account to remit money at a bank, although an account is required at the postal bank to use

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It isn't the internet index. In a market that values J.P. Morgan Goes unprofitable Amazon.com Inc. at \$15 billion and Yahoo! Inc.

Internet as Cisco's ronters,

Trading at a record \$150 in the coming 12 mont \$87.875 on Friday, Cisco is up from \$135 late Friday. of \$1.46 a share for the year ending in July.

"Sure it's not cheap for any stock, but the growth rate has been phenomenal and should continue to be phenomenal going forward as long as data traffic continues to grow," said Alec Murray, associate director of research for MFS Inowns 21 million Cisco shares in its mutual funds. "It's not a screaming buy here, but we think there is good upside po-tential in the stock," he said.

all then Cisco has to work.' The company has branched out from routers. It now offers network switching devices, an alternative to routers; remote-access servers, which employees in the field connect to the network; and ability to add data traffic to their voice services.

'IP data is growing by 1.000 percent per year, tripling every three months, and Cisco is the direct beneficiary of that," said Al Tobia, an analyst at NationsBanc Mont-

Bullish on Microsoft

Wall Street knows, of specialized computers that be bad for Microsoft Corp.; mating its stock would reach \$150 in the coming 12 months,

priced at about 60 times the "Microsoft's next big consensus earnings estimate growth story is enterprise softwrote William Epifanio IL "Having established itself as the clear winner in desktop operating systems and office productivity suite markets, Microsoft is preparing to take a bigger piece of the en-

terprise software market." Mr. Epifanio said the company's recently released SQL vestment Management, which Server 7.0 database was "capable of better competing" with products from Oracle Corp. and International Business Machines Corp., while the new Windows 2000 would make a "If the Internet stocks work at more efficient rival to the Unix operating system than its predecessor, Windows NT 4.0.

Microsoft introduced SQL Server 7.0 at Comdex. It said the program was more scalable than previous versions, meanlet telecommuters and other ing it can run well at different sizes; it has enhanced datawarehousing abilities, used to year view because this is a growequipment for telephone allow many users at a company companies, offering them the to study information stored by different divisions; and it is closely integrated with Office and will make a lot of money in 2000, Microsoft's suite of business programs, such as its word

processor and spreadsheet. These products should give leverage to Microsoft's entire line of BackOffice server softgomery Securities. (NYT) ware for companies, Mr. Epi- high."

fanio wrote. "BackOffice's share gains and compelling value proposition should fuel

sales growth of 28 percent through fiscal 2000." He added Microsoft's upgrade of Windows 98 and the fice 97 meant the company was

"taking good care of its biggest revenue contributors." 'Some negative news and outcomes from the Department of Justice trial seem inevitable, but we suggest taking advantage of any stock price weakness as a buying opportunity."

Correction

The Money Report incorrectly reported the currency for shares in Globex Utilidades SA in the Dec. 5 issue, which was about companies whose shares have failen so far that they can be considered to have minimal downside risk. The preferred shares of the Brazilian electronics and food retailer trade

5.01 when we wrote about them, well below the 22 reals at which they traded in 1997. Two readers also questioned the three-year investment time frame suggested by Stephen Rose of UBB Capital

in Brazilian reals. They

Markets in London. Asked about that lengthy span, Mr. Rose said: "Everybody talks about just the next week in Brazil. I think that's a mistake. I tend to take a threeing economy. Globex shares are ridiculously cheap now because the company is well-managed three years. Its fortunes should start to turn at the end of next year, by when consumers come bouncing back. We will then see a steady improvement, and by

In U.K., Vast System, Skimpy Rates

By Conrad de Aenlle

RITAIN'S STATE-run savings program offers a sizable range of products, running from the ordinary - instant-Office 2000 successor to Of- access accounts and time deposits operated through post offices — to the quirky — a sort of perpetual lottery ticket called a premium bond, in which holders receive a chance to win cash prizes each month in lieu of interest.

For most people with a bit of money to put aside, however, investing in National Savings is not seen as a way to hit the jackpot. Interest rates often are not competitive with those of comparable accounts offered by private institutions, financial advisers said, and there is little of the flexibility and tax efficiency

widely available elsewhere. "We like them, and we've used them loads in the past," said Ian Millward, investment-marketing manager at Chase de Vere, a financial-planning firm based in Bath. But current yields, he said, are low.

"It's hard to find anything of value

now, and the rates, compared to the open market, are poor," Mr. Millward said. "I feel quite sorry for National Savings

at the moment' Bill Blevins, who heads an internaslipped to 4.85 this week from tional financial advice firm called Blackstone Franks, described National Savings as a sort of lowest-commondenominator created to provide savings vehicles for the vast majority of the public, people who have little money or investment knowledge.

"It's a means of raising revenue for the U.K. government which is pedestrian by nature because it's intended to attract the small saver," he said.

"Some of the tax advantages are helpful for small and large savers," Mr. Blevins added, but clients tend to be people "with several hundred pounds, not thousands."

National Savings "provides quite a lot of opportunity for the smaller saver, where perhaps they're accruing capital for a child," he said. "They can get the beginnings of the habit of thrift in a

One break offered with the basic National Savings account is that £70 (\$115) of interest each year is allowed to be earned free of tax, producing a savings of £14 for most taxpayers.

a big tax bill to go with it. For them, there though they do not provide the tax exare better options than National Savings.

"Someone saving reasonable sums of money certainly would not address interest to the National Savings movement." he said, mless he was "trying to chip away every penny from the tax man. As part of a total package, it is more nuisance than the tax savings are worth."

Foreign investors living in Britain, he noted, can invest tax-free offshore, as long as they do not bring the income into Britain, so the National Savings

tax break is not an advantage. Even for British investors, a number of tax-advantaged programs, begun in the 1980s, offer more flexible and generous terms than National Savings.
Personal Equity Plans, which

are due to be phased out next year, allow £9,000 a year to be invested in stocks or corporate bonds, with no tax on interest, dividends or capital gains. For savers interested in staying in cash, Tax-Exempt Special Savings Accounts also permit £9,000 to be sheltered

from tax, but over a five-year span.
Interest rates on these so-called Tessas offered by most banks and savings and loan associations, known in Britain as building societies, run to 7 percent or more. The rate on National Savings Certificates, a rough equivalent, is 4 percent. A related account linked to the Retail Price Index, a common inflation measure, pays 2 percent plus the annual growth in the index, which these days is about 2 percent, meaning the return is about the same as for the straight certificates.

"It's hard to sit down and recommend to any client to put money away for five years if they're getting only 4 percent,' Mr. Millward said.

Looking for a silver lining, he added: "The starting point with a portfolio is beating inflation." With index-linked National Savings Certificates, "at least you know you're going to beat inflation, but the outlook for inflation is poor for the next few years."

Rates on other types of National Savings accounts also compare unfavorably with their private-sector equivalents. On the plain-vanilla instant-access account, National Savings pays 3 percent if the

While "70 quid of tax break is a lot to a lot of people," Mr. Blevins said, it is not to banks and building societies pay rates at least one percentage point higher, alemption on the first £70 of interest.

National Savings also pays onequarter to three-quarters of a point less than the average private institution on 30-day-notice postal accounts, in which business is transacted by mail. Rates tend to be higher on such accounts because the cost of operating them, without branches, is lower. On postal accounts of £50,000, National Savings offers slightly higher rates than private providers, but even at this level, individual

institutions can beat its rates. Bigger shortfalls exist on innovative products such as escalator bonds, long-terra investments in which the annual interest rate increases each year. The average security part nearly a percentage point more than National Savings' escal-

ator bonds, and the private ones pay in-terest yearly, while National Savings pays at maturity, after five years. "The rates are pathetic," Mr. Blevins said. "If a major bank offered a deal like National Savings, there would be headlines."

National Savings does beat the rates of

private competitors on some accounts, such as the Income Bond, a 90-day-notice account that pays interest monthly.

Another advantage, although a small one, is that no tax is withheld on interest, while banks and building societies are required to deduct 20 percent, Carys Jones, a spokeswoman for the Department of National Savings, pointed out. Tax may still be due on National Savings interest, but account holders get to hang on to the money for a few months.

An additional benefit, Ms. Jones star is that National Savings deposits are entirely backed by the government, while there is a risk, albeit a minuscule one, that a bank will fail.

The product that Mr. Millward had the fewest misgivings about is the premium bond. National Savings sets aside 4.5 percent per year for prizes, which is not a bad rate, and there is the possibility of winning £1 million. But he cautioned that "it's certainly not something to stick all your money in."

POR MORE INFORMATION about National Savings pro-

December 18, 1998 Advertisement INTERNATIONAL FUNDS To receive free daily quotations for your Katy Houri; Fax (33-1) 41 43 92 12 or e-mail: funds@int.c ** Asen ABRO Pessos Tol 1.2 wo I America (1906) Lizz Fr.
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Post Offices

THE MONEY REPORT

Argentina Bank Forecasting Formulas for Unpredictable Wall Street **Wisits Post Office**

By Aline Sullivan

OST OFFICE banking is just getting star-ted in Latin America. and Banco de Galicia is first off the block. The Argentme bank owns 12.5 percent of an investment group projected 10 million Argentine view, should not care.

that in October won a 30-year pesos (about \$10 million) on But we do care. It is only human

concession to run the country's official postal service, orreo Argentino. Other members of the consortium,

luding its leader, pociedad Macri SA, ... are not finding the going easy, analysts

considering that they won the deal by offering to pay the state \$100 million a year, or 40 percent more than the growth Correo Argentino has amount offered by their civals, including units of around the country and Banco Citicorp and ING Bank, for a de Galicia has the exclusive post office saddled with a right to install points of sale in or toward the rim." reputation for inefficiency.

Because of rampant inflation, Mr. Richards said, as it comthere were few takers in the bines the Galicia brand outside .1970s and 1980s. But Banco de Galicia be-

lieves that is changing.

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cost way to access fee-paying clients without all the bother of building brick-and-mortar branches

The bank has already opened That number should rise to 100 when the bank will have spent a

said Peter Richards. manager of investor relations at the bank's headquarters in Buenos Aires. The

service is currently going easy, analysts limited to personal said. That is not surprising, loans, debit and credit cards,

> more than 6,600 locations each. This new distribution a traditional bank branch and

has a low operational cost ood idea," said Yovanka mated teller machines, or

in the stock market? A a whole. Remark survey finds Still, t that analysts believe the Dow Jones industrial average will rise by an average of about 500 points, or 6 percent. Sounds reasonable, but, of

60 branches at post office sites. course, it is utter nonsense. No one has the slightest idea what by June and to 400 by 2002, stocks will do next year, and investors, who must have a long-term view, should not care.

set up costs and ex- ... We turn to specialists to tell us the pects to be serving future, even though they have not 60,000 customers, got the foggiest idea themselves. It is a practice that goes back thousands of years.

Daniel Boorstin writes in "The Seekers," his new book about philosophers, The "saga of the prophets records efforts to cease being the victim of the gods' whims by deciphering divine intentions in advance.... Diviners watched smoke and savings accounts, which of earling up from burning incense, There is plemy of room for they interpreted the figures on clay towth. Correo Argentino has dice.... They answered questions about the future by pouring oil into a bowl of water held on their lap and noting its movement on the surface

These techniques of prognostic-Until the deal, only limited network, Galicia Ahora, is an ation, as weird as they sound, probsavings accounts were avail- ideal channel for servicing ably work as well as those of con-able through the post office. "nonbankarized" customers, temporary financial analysts, whose record seems worse than the laws of chance would allow.

Just one example: In his book, The New Contrarian Investment Products can be delivered by Strategy, David Dreman exmail or telephone or via Banco amined 52 surveys over 50 years in It is an important part of mail or telephone or via Banco amined 52 surveys put a surveys put and it is a mail or telephone or via Banco amined 52 surveys put a surveys p picked their top stocks or industries for the coming 12 months.

stock market performance that. Since the election of Lyndon — following a decline of 12 percent while crude, has been uncannily accurate since at least 1832.

nificantly, in 1999. Why? Well, 1999 is the year be-

fore a U.S. presidential election, and data since the 19th-century admin-

has been following the long-term one coming up. It has scored doubleeffects of what economists call "exogenous," or outside, factors such as election cycles on the stock

market. The election cycle is particularly powerful. Since 1832, in pre-election years the Dow (and its 19thcentury predecessors) gained an average of 10 percent annually, not including dividends; in election years, the Dow gained an average of percent, also a substantial ad-

UT IN THE first year after an American presidential elec-tion — that is, a post-election year such as 2001 will be - the Dow gained an average of only 2 percent, in mid-term election years (like 1998), the gain has been just 4

Poor's 500-Stock Index, a broader It is the election-year cycle, and it measure than the Dow, has proindicates that the stock market is duced 17 percent returns in pre-market? almost certain to rise, and rise sigyears, 5 percent in post-election years, and barely 1 percent in mid-

> Since 1940, Mr. Hirsch's research shows, the Dow has never voters to discipline them, they often

Yale Hirsch, who publishes the "Stock digit gains in 10 of the 14 years.

> four times. What if Bill Clinton is removed as

Not a problem, says Mr. Hirsch, can of spinach. who told me simply that "the biggest bull market of all time

would continue." After all, 1999 would still be a pre-election year. Also, look at the last time such an event occurred. In 1974, a mid-term

year in which the market was down 32 percent (following 1973, a postelection year, in which it fell 14 percent), Gerald Ford became president upon the resignation of Richard Nixon. But in 1975, a pre-election year,

the S&P shot up 32 percent, its best performance until 1995, which was also (you guessed it) a pre-election

THAT WILL 1999 bring in the stock market? A Renters survey finds to the first two years of John F. Kennedy. In that pre-elect.

Why does the presidential cycle work so well as a predictor of the

Mr. Hirsch believes that, facing percent, and in 1998, a mid-term presidential elections, politicians do the best they can to boost the econ-

Farther from elections, without that the market loves pre-election fallen in a pre-election year like the take risks and get the nation into

"Presidents want to be re-elected," says Bill Staton, a financial analyst in Charlotte, North Carolina, who is another long-time follower of the

By contrast, the Dow has fallen in cycle. seven post-election years since "They tend to do negative things secon 1940, notching double-digit losses to the economy in the first two years each. of a term, then turn up the juice for the following two," he added. "It's the equivalent of Popeye eating a term, then turn up the juice for the following two," he added. "It's the equivalent of Popeye eating a term, then turn up the juice for the worst years by far are those ending in 0, during which the S&P that description is the property of the same of the property of the worst years by far are those ending in 0, during which the S&P that description is the property of the worst years by far are those that the property of the worst years by far are those ending in 0, during which the S&P that description is the property of the

> HIRSCH R. HIRSCH writes.
> "Wars, recessions and bear markets tend to start idential) term; prosperous times and

bull markets, in the latter half.' Think about all the terrible things that have happened in post-election 29, 30 and 31 and Jan. 4 and 5. years: The start of the Civil War, in 1861; the U.S. entry into World War I, in 1917; the stock market crash, in 1929; U.S. entry into World War II, in 1941: Bay of Pigs, in 1961; the start of the Vietnam War, in 1965.

Or in mid-term years, such as the start of the Korean War, in 1950. Of course, the pattern is not per-

years, and the best year, 1995, was a post-election year. But in 1997, a post-election year, the S&P registered a gain of 31

year, it is up about 20 percent so

NOTHER STRONG pattern - this one with no discern-(ible explanation — is the decennial cycle, originally identi-fied by Edgar Lawrence Smith in his book, "Common Stocks and Busi-

ness Cycles." Since the 1880s, years ending in 5 have a perfect record — never a single decline in the S&P.

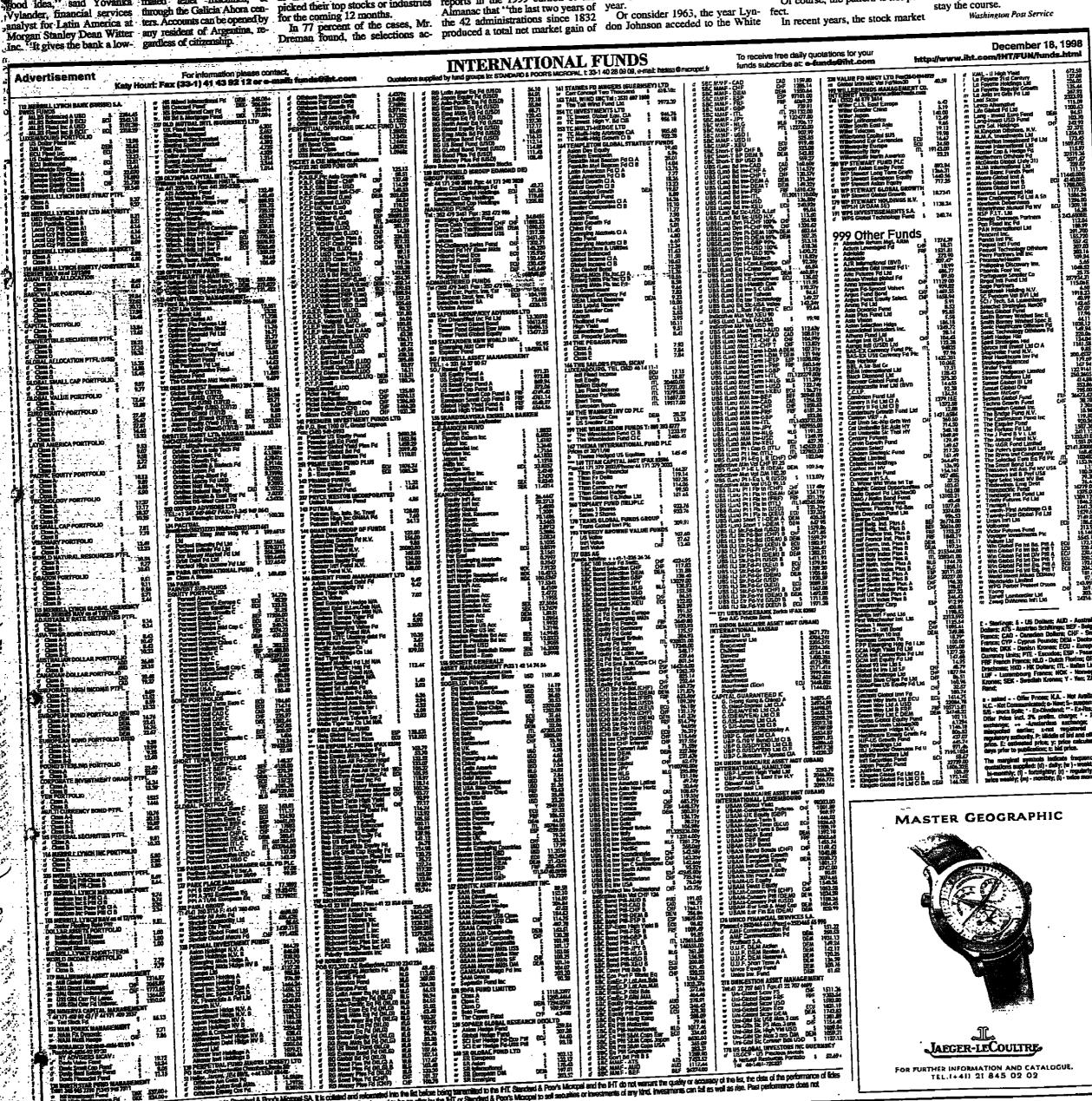
Years ending in 2, 8, and 9 are *They tend to do negative things second-best, with only two declines

Finally, as the year draws to a close, Mr. Hirsch reminds us of the Santa Claus Rally, which has appeared in more than 80 percent of the years since 1952 and lasts for or occur in the first half of the (presseven days — the last five trading days of the waning year and the first

two of the new. In the current case: Dec. 24, 28,

What do these patterns mean to smart investors? Next to nothing. They should not affect your strategy, which should simply be to find good businesses and decent prices and hold them for a long

But, as we approach a scary year. history may give you the courage to stay the course.



Herald Eribune

WORLD ROUNDUP

French Play Tough

SOCCER The French soccer federation decided Friday not to send a team to the Confederations Cup if FIFA, the organizer, does not change the competition's dates to early summer.

FIFA moved the eight-nation event in Mexico from Jan. 8-20 to July 28-Aug. 8 to placate France which had earlier withdrawn because of conflicts with the European club calendar — but the new dates upset the French national league, which plans to begin its championship tournament on July 28.(AP)

• The English Football Association confirmed Friday that it was paying the former striker Peter Withe to coach Thailand's national team, but denied that the deal was connected with England's 2006 World Cup bid. Yet, the Thais have admitted they might support Eng-land's bid in return for Withe's work with their national team.(AP)

 The Croatian international Dario Simic has joined Inter Milan for 18 million Deutsche marks (\$10.87 million), Croatian media reported Friday.

 Anatoli Byshovets was fired Friday as Russia's national team coach after losing all six matches in five months in the job. (Reuters)

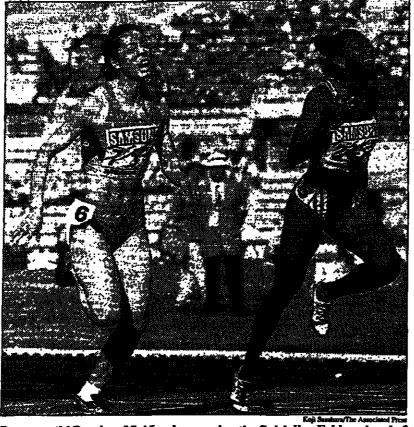
New Bike for Armstrong

CYCLING The former world cycling champion Lance Armstrong has signed with the Trek Volkswagen Professional Mountain Bike Racing Team.

Armstrong won the 1993 world championship and competed for the U.S. Olympic team in 1992 and 1996. He also won his second Tour DuPont title in 1996 before cancer forced him into rehabilitation for 16 months. Armstrong returned to road racing this year, riding for the U.S. Postal Service team. His new contract will not affect his status on the road racing circuit.

Afro-Asian Games Slated

ATHLETICS Top Asian athletes will compete with their African counterparts in the first Afro-Asian Games, to be held in New Delhi next November, the games' organizers said Friday in Bangkok. The top four from both continents in six sports track and field, swimming, football, tennis, shooting and boxing — will take part in the 10-day event (AFP)



Damayanthi Darsha of Sri Lanka crossing the finish line Friday ahead of
Li Xuemei of China for the gold medal in the women's 200 meters.

Damayanthi Darsha of Sri Lanka
edged ahead of the Asian record holder,

Ito Wins 3d Gold, in the 200 Meters

The Associated Press

BANGKOK - Koji Ito of Japan once again was the fastest man afoot Friday, winning his third Asian Games gold medal, while Chinese did their speeding on water, winning five gold medals in TOWING.

Ito already had established himself as Asia's fastest man by winning the 100 and anchoring Japan's victorious 400meter relay quartet, and by running a 10-flat in the 100 semifinals.

His winning time in the 200 meters, 20.25 to the 20.75 of Han Chaoming of China, was slower than his Asian record of 20.16. His triumphs have made him one of the favorites to collect the \$100,000 being offered to the Games' most valuable player by the Olympic Council of Asia

China's 11 golds for the day gave it 113 in all. Aside from the rowers' big haul, the nation picked up three golds from its native martial art of wushin, two in track and field and one in tennis. In the last Games, in 1994, China won 11 of 12 rowing golds. They had swept all four in 1982 and all 12 in 1990.

South Korea stood second with 64 after winning five Friday. Japan was next with 50.

second, following triumph in the 400. She won in 22.48 seconds, with Lisecond in 22.53. While the Japanese women beat China for a basketball gold medal by a

Li Xuemei of China, in the women's

200 meters. Darsha's victory gave Sri

Lanka its third gold, the country's best

result at any Asian Games, and was her

ASIAN GARTS

score of 93-69, the Chinese men foiled the Philippines' all-out campaign to climb back to the top of Asian basketball by fielding a team of professional stars. The Chinese beat the Filipinos, 82-73, in a semifinal.

For the gold, China will play South Korea, the 101-64 winner over Kazakhstan in the other semifinal.

Thailand celebrated five victories in five finals for its boxers, two of whom won Friday, including Somluck Kam-sing, also an Olympic gold medalist. Uzbekistan and Kazakhstan also wou two boxing finals each.

That left Thailand with 20 gold medals, just behind fourth-place Kazakhstan's 21.

Iran boosted its total to nine by taking three golds in freestyle wrestling. Supriati Sutono, who was carried off

the track on a stretcher after edging Sunita Rani of India by .01 second in the women's 5,000, gave Indonesia its first Games track and field gold since 1962. Lee Jin Tack of South Korea won the

men's high jump, and Uzbekistan had a 1-2 finish in the decathlon as Oleg Veretelnikov edged Ramil Ganiev.
For China, Ren Ruiping won the women's triple jump, and Wang Yinghang overtook Sergei Korepanov of Kahang overtook Sergei Kang overtook Sergei K

zakhstan in the final kilometer to win the men's 50-kilometer walk.

the men's 50-kilometer walk.

The Chinese gained another gold when Li Fang and Chen Li beat Cab Yoon Jeong and Park Sung Hee Ci South Korea, 6-2, 7-6 (7-2), in women's doubles tennis. But Yoon Yong Il won the men's singles gold for South Korea, beating Satoshi Iwabuchi of Japan, 5-7, 6-4, 6-3, 6-2.

South Korea beat India 2-1 for the South Korea beat India, 2-1, for the

women's field hockey gold on Oh Senng Shin's second-half goal, and upset Ja-pan, 17-2, for the rugby title. The South Koreans also beat China, 45-44, for the men's saber team gold in fencing.

A second doping case was disclosed

by the Olympic Council of Asia. Jaber Ajmi, a weightlifter from Kuwait and the 10th-place finisher in the over 105kilogram division, tested positive for nandrolone, a banned anabolic steroid.

Salt Lake City Had IOC Member's Son on Civic Payroll During Bid

By Jere Longman New York Times Service

SALT LAKE CITY, Utah — The son of a leading International Olympic Committee member from Africa worked as an intern at City Hall while Salt Lake City was attempting to become the host city for the 2002 Winter Games.

The admission by the mayor's office Thursday raised more questions about the extent to which an effort was made to sway votes in landing the

And Tom Welch, the former president of the Salt Lake City organizing committee, said in an in-terview that visiting IOC members had been given such presents as shotguns, skis and free lift tickets, airplane flyovers of Utah's canyons, and tickets to the opera and Utah Jazz basketball games, and had been taken on hunting trips for pheasant in a successful attempt to attract their votes.

IOC members are not allowed to accept gifts with a value of more than \$150.

These were the latest eruptions in a mushrooming vote-buying scandal among cities seeking to play host to the Olympics that has been alleged by Marc Hodler of Switzerland, the secondhighest-ranking member of the IOC

Salt Lake officials have acknowledged spending about \$400,000 on scholarships and athletic training for 13 people, including six relatives of IOC members, but they have denied Hodler's charge that this money amounted to bribery.

Two investigations of the Salt Lake charges are being conducted, one by the IOC and one by the ethics panel of the Salt Lake Olympic organizing

The U.S. attorney general, Janet Reno, said Thursday that the Justice Department's criminal division was reviewing the matter amid reports that the scholarship fund was not reported on federal tax forms.

The IOC has said that it will not take the 2002 Winter Games away from Salt Lake City, which won in a landslide vote in 1995 over Ostersund, Sweden; Sion, Switzerland, and Quebec. But there has been a furor here, and embarrassment over allegations of vote-buying is widespread.

One issue certain to be investigated is the employment of Sibusiso Sibandze of Swaziland in the inagement-services office at City Hall from Oct. 25, 1993, to Oct. 28, 1994, and whether that was an attempt to curry favor with IOC members who determine which city will hold the Olympics. Sibandze is the son of David Sikhulumi Sibandze, the IOC member from Swaziland, said

Ken Connaughton, a spokesman for Salt Lake City's mayor, Deedee Corradini. Connaughton said that "as near as I can determine, no one knew" of Sibandze's family connections. He said there was no apparent evidence

that the internship was connected to the Olympic a total cost of \$27,675 in 1994 and 1995. Sibandze worked for \$6 an hour at City Hall while

he was a student at the University of Utah, where he received a bachelor's degree in 1995 and a master's gree in business administration in 1996. Both Connaughton and the office of the university's dean of students said they did not know

whether Sibandze had attended school on an Olympic-related scholarship. Meanwhile, details of lavish gift-giving to IOC members continued to emerge. Welch said that 'two or three' IOC members had been given

shotguns and pairs of skis. Browning Arms, the Utah-based maker of Browning shotguns, acknowledged that Salt Lake Olympic officials had bought one 12-gange shotgun in 1997 for \$1,039.50, and said it was in-

vestigating whether other guns had been purchased Welch and other Salt Lake Olympic officials have also acknowledged doing what all bidding cities do - flying IOC members in on first-class tickets, putting them up in the best hotels and taking them to the nicest restaurants.

Utah's largest health-care provider, Intermountain Health Care, has also said that at Welch's behest three persons with apparent Olympic connections' were given medical services ranging from treatment for hepatitis to eye surgery to a knee replacement at

Welch said that he and other Salt Lake Olympic officials were simply playing by the long-accepted rules of the bidding game and that IOC members were wooed as if they were corporate executives who might relocate their headquarters to Salt Lake

'I don't think we did anything that was different," Welch said. "It is a process of wining and dining and building relationships. I don't know any other way you could have done it."

■ Congolese Member Cited

The Salt Lake Tribune identified a Republic of the Congo IOC member, Jean-Claude Ganga, as one of three African members who received free medical care from Intermountain Health Care, The Associated Press reported. Ganga was treated for a strain of hepatitis, the paper said.

He became president of the African National Olympic Committee Association in 1989, the same year that Rene Essomba, a surgeon and IOC member from Cameroon, became the African orga-

nization's secretary-general.

Essomba's daughter, Sonia, has been the only scholarship recipient that the Salt Lake organizing committee has confirmed, although its president, Frank Joklik, said that most were from African nations. Essomba attended American University in Washington.

SCOREBOARD

ASIAN GAMES FRIDAY IN BANGKOK, THAILAND

Gold --- Japan 93, China 69

Chao Feng-pang, Talwan MEN'S 61-kdlogram

MEN'S 17-KILOGRAN Somluck Kamsing, Tholi rv Turgunov, Uzbekisan, 8 — Noribisa Timimoto, Jo an 8-1

MEN'S 63.5-KILOGRA

z enrisanten, mongolia. MEM'S 71-KB, CarlAM Yermankhan ibraimov. Kaza ung-bir. South Karaa, 9-2. - Kongrif Nanakon, Thalian Ir Enkhbayar, Mangolia. MEN'S IN-KILOGRAM — Sergey Mihaylov, Uzbekisi ioung-bae, South Korea, 9-5.

ek Zoktrov, Uzb

in Shahid, Pakistan MEN'S TEAM SABER th Koreo deli, Chino, 45-44. FIELD HOCKET

unth Korea; 2. India 1 Gold — South Korea 21, Japan 17 Ro Wasa

1. China (Goe Bingrong and Liu Jian), 6:24.94; 2. Japan (Kazuaki Mimoto and Dal-saku Takeda), 6:26.55; 3. North Korea (Rt Chai Jin and Kim Song Chai), 6:36.82.4, Hong Kong, 6:42.71.5, Pakistan, 6:53.83.6, Indone-WOMEN'S LIGHTWEIGHT FOURS

1. Chine, 6:39.74; 2. Japan, 6:44.74; 3. North **WOMEN'S DOUBLES**

Gold — Li Fang and Chen Li, China, def. Cha

Gold — Yoon Yang-il South Koreo, dei. Satoshi harabuchi, Japan, 5-7, 6-4, 6-3, 6-2 Bronze — Srinath Prahlad, India, and Maresh Bhupothi, India. TRACK AND FIELD

WOMEN'S 200 MÉTERS Softini Darsha, Sri Lanka, 22.48.; 2. Li nel, China, 22.53.; 3. Yan Jiankui, China

23.15.

WOMEN'S 8,000 METERS

1. Supriati Sufano. Indonesia, 15 minutes.
54.45 seconds; 2. Sunita Rani. India, 15:54.47;
54.45 seconds; 2. Sunita Rani. India, 15:54.47;
54.65 Michiel Shimizu. Japan, 15:55.47

Wolten's TRPLE JUNP

1. Ren Ruiping, China, 14.27; 2. Wu Lingmei, China, 14.25; 4. Valentina Briganaya, Trukimenistan, 13.66.

MENTS 90-KILOMETER WALK 1. Wang Yishang, Chind, 3 hours, 59 mim 26 seconds.; 2. Sergel Korepanov, Kazaks 3:59:27.; 3. Fumio Imamuro, Jopan. 4:06: MEN'S 200 METERS

1. Keij ffe, Japan. 20.25.; 2. Han Cheening.

MENTS DECATHLON 1. Cleg Vereteinikov, Uzbekist points.; 2. Romli Ganiev, Uzbekist J. Toru Yasui, Japan, 7,612.

MEN'S HIGH JUMP

1. Lee Jin-Itek, South Korea, 227; 2. Zhou Zhongge, Chine, 223. 3. Shigeld Toyoshima. MEN'S ST-CLOGRAM
Gold --- RI Yang Sam, North Korea, def. Cyunbeleg Purebadar, Mangalla, 3-1 - Mohammod Tologi, Iron.

MEN'S OF KILDER beza Heidari, Iran, def. Rasul Kat-

Bronze - G. Usukhbaka, Ma

Nashviii Chicogo

Gold — Alf-Reza Rezael, Iran, deg. Georgi Kaysinov, Uzbekislon, 3-0. WUSERS EN'S CHANGCUAN THREE EVENTS Inghua, China, 28.64; 2. Nguyen Thi,

1. Goo Jiomin, China. 9.54; 2. Fan Xueping, China. 9.43; 3. Jainab Jainab, Indonesia, 9.30.

. Wu Gong, China. 28.54. 2 (tie), Mark-tobert Roscies, Philippipes, and Ob Poh-ICE HOCKEY

GF GA

Boston 2 1 2-5
1st Period: B-Azekson 4 (C.Toylor,
DiModol, 2 O-Johansson 11 (Altradeson,
Laukkanen) 3 (Bonatanen 1 Lavidanent 3. B., Thomban 3. (Bourgue, Carlet) (pp). 2d Perfod: B-Samsonov 10 (Alison, Khristich) 3d Perfod: O-McGachem 11, da B-DiMalo 1 (C.Taylor) 7, B-Khristich 14 (Bourgue, Van Impe) (pp). Shots on gest: O-8-12-11—31. B- 10-4-13—27. Goolies: O-Rhodes. B-Oafoe.

(Brind-Amoti, Zelepukin) 28 Period: C-Wilm 2 (Fleony) (shl. 4. P. Burenu 2 (Bicharison, Hull) 5. C-Shantz 7 (Housley, Nylander) 6. C-Shitman 10 (Cassels, Fleuny) (pp.) Shats a god: C. 8-12-12-3-35. P. 18-13-8-3-42. Godines: C-Giguere. P-Vanhiesbrouck.

techn) (pp). 2. P-Nummicen 6 (Yloner uns) 24 Period: P-Tocchet 10 (Roenici

(pp). 3d Period: V-Aucoin 9 (Ohland, M.Messier) (pp). Shots on goal: C-8-9-7—24. M_Messier) (pp). Shots on goal: C-8-9-1 V-2-10-9--21. Goalies: C-Roy. V-Snow

nneil) (pp). 2d Period: I York Donato 4 (Czerkzwski, Reichel) 5, L.A.-Duchesne 2 (Robitsille, Laperriere) 6, New ato 5 (Czeni York, Berard 4 (Czerkowski, Reichel) Shot

1st Period: S.J.-Matteou 1 (Marleou) 2. Scr Jose. Storm 6 (Karotyuk, Priesen) 2d Period S.J.-Murphy 6. Shots on good: Be 12-8-11—31, S.J.- 8-9-10—27. file, Vokoun, S.J.-Vernon.

BASKETBALL

EUROLEAGUE

FIRST ROUND, 16TH ROTATION

Cibena Zagreb, Cra., 78 Maccabi Tel Aviv 60 Red Stat. Belgrade, Yu., 88, Manresa Sp., 60 STANDONGS: Panathinalitas, Grece, 20 points: Efes Pilsen Istanbul 17; Maccabi Tel

INS., Greece, 74. CSKA Moscow 76

tos., Gre., 18g ogna 17; CSKA Mescow 15; Uik

GROUP D
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GROUP D
GROUP D
Real Madrid 65, Teamsys. Bolog
Villeurbanne. Fc. 77, Olimpija. Si
Samara. Res. 84, PADK Sannika

Ljubijano 17; Real Madrid 16; Teomsystem Bologna 15; PAOK Salonika 14; Samara 11. nd cound starts on Jensiery 7.

U.S. COLLEGE SCORES MEN TOP 25 No. 4. Stanferő (4-2) def. Nevoda 191-57. No. 7. N. Carollar (11-1) def. Louisville 77 No. 13. Kansas (7-2) def. DePart 74-66.

Florido St. 72, Jacks N. Caralina St. 81, Wighten 57

WOMEN isee (7-1) def, Arkonsos 82-62. No. 7 M. Carolina (12-1) def. Holy Cross 89-66. No. 14 Clesson (9-0) def. S. Carolina 84-67. No. 25 S. Clars (8-0) def. N. Illinois 64-61.

CRICKET

HTW ZIALAND YS. (HD ST TEST, FIRST DAY PAKISTAN VE ZIMBANUR

SKIING

WORLD CUP

FRIDAY M VEYSCHNAZ, SWITZERLAND EM.2 DOMUNIT J. Hilde Gerg, Germany, 1 min., 41.13 se 1. Pernilla Wiberg, Sweden, 1:41.55. 1. Biblana Peraz, Italy, 1:41.61. 1. Alexandra Meissniber, Austria, 1:41.9 ds. France, 1:42.20. Recing Hoessi, Germany, 1:42.30.

ner, Huly, 180: 3. Meissnätzer, 155: 4. Gerg, 149: S. Hueusi, 132: 6. Dorfrpeister, 116: 7. aud. 106: 8. Morting Erit, Ger., 101; 9. Amia, 92; 10, Wilberg, and Mass LAL (after 11 events); 1. Mel dizer, 675 points: 2. Ertl. 398: 3. G rg, 330: 5. Gerg, 300: 6. Cavagno ostner, 283: 8. Haees<u>i, 22</u>5: 9. And

Flemmen, Norway, 219; 10. Janica Kostelic FREDAY BY VAL GARDENIA STALY ALEN'S BOWNERS. Lause Klus, Norway, 2:02.78. Werner Fronz, Austrio, 2:03.09. 3. Hermann Malac, Austria, 2:03.28 4. Kristian Ghedina, Haly, 2:03.41.

. Andreas Schifferer, Austria, 2-03.90 7. Patrik Joseph, Sweden, 204,11.
8. Hors Knouss, Austria, 204,20,
Pietre Vitulini, Italy, 204,20. 10. Brion Stemmie, Canada, 2:04.42.

Downstrill (after 2 races): 1. Kjus. 200 als: 2. Luca Cottoneo, Holy, 19; 3. Fr

o, Haly, 60 and Maler, 60; 7. Joe ling, 50 and Antoine Denericz, Fr 50; 10, Vitaliai, Itaty, 47. CVERALL (after 9 eventa): 1. Kius, 413 oints: 2. Stephan Ebertorier, Austria, 383; 3. Trisflan Mayes, Austria, 342; 4. Maior, 340; 5.

THE WEEK AHEAD

Cop., to Dec. 20.

Cup, to Dec. 20. test, to Dec. 22

Groods 324 6. Thomas Str zes, 157; 10, Jure Kosir.

SATURDAY, DEC. 19 BLATHLOSS, Carblie, Slovekie — World BOLIED. La Planne, France -

SKI JAMPING, Libered Czech Republic — World Cup, K120 hill even 1992, Alphno World Cop. Vol (inill. Maraic World Cap. Dovos

witz. — men, women, to Dec. 20. SOCCER, Women's World Cham qualifying, return lea, Arger EEDBEATING, Secul South Kored women, World Cup, to Dec. 20,

SUNDAY, DEC. 20 SICE JUMPING. Herrochov, Czech Re-sblic — World Cop. K120 hill event.

Monday, Dec. 21 SOCOLIR, Asuncian, Paraguay — Capa SKERNO, Alphae World Cop. Me

TUESDAY, DEC. 22 magazine names player of year, San Pablo, Brazil — Copa Mercasur, final, 2d leg. Pal-

FRIDAY, DEC. 25 AMERICAN FOOTBALL, Honoluly

SATURDAY, DEC. 28 HORSE RACINO, Kempton, England— King George VI Chase.
CRECKET, Melbourne — Australia vs.
England, 4ft test, to Dec. 30: Durboul forth
Africa — South Africa vs. West indies, 14 vist. and vs. India, 2d test, to Dec. 30.

SUNDAY, DEC. 27

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May Off

SKIDO, Alpton World Cop. Sci Cop. Flechen. Gern

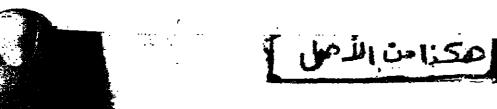


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SPORTS

Kjus the Schuss Beats **Austrians in Downhill**

2d Victory Puts Norwegian Atop World Cup

VAL GARDENA, Italy - Lasse Kins of Norway captured his second of course, consecutive World Cup downhill victory this season as he beat the favored very diffic Austrians, Weiner Franz and Hermann Maier, here Friday His second triumph in seven days

His second trumpo in seven ways
punised the 27-year-old Norwegian skite stop the World Cap overall standings,
with 413 points, ahead of Stephan Eberharter of Austria

Kjus, a World Cup overall champion in 1996 and a silver medalist in the Olympic downhill at Nagano this year, id a faultless run down the icy Saslong Surse as he clocked an unbeatable time of 2 minutes, 2.18 seconds over the 3,495 meter distance.

it was the eighth World Cup career victory—the fourth in downhill—for Kjus, who had captured the first speed pace of the season at Val d'Isere, France, less Saturday. de Franz finished 0.91 seconds behind

Majer, the defending World Cup champion, trailed Kjus by 1.10 seconds.

Kristian Ghedina of Italy, the defending Val Gardena champion, placed fourth, ahead of Kjetil Andre Aamodt of

The race was marred by two bad spills. A Norwegian skier, Lasse Panlsen crashed through the finish line, escaped unburt and still placed 13th.

David Pretot of France crashed V sainst safety fences in the upper part of se course and was taken away on a toboggan. Organizers said Pretot possibly fwisted his right knee and that he would undergo medical examinations

later in the day.

Kius, an all-around skier who can pocket World Cup points in all dissiplines of Alpine skiing, said he won a grueling race on an icy track, with a lot

of big jumps."
When you jump too long you lose time, and you certainly feel them in the legs after a run like this. I am overjoyed with my second downhill victory," the

Norwegian said. In Veysonnaz, Switzerland, Hilde Gerg of Germany won the women's World Cup downhill Friday on an icy

F Gerg, the Olympic slalom champion whose previous best World Cup downshill result was second place in Val d'Isere more than a year ago, tamed the reacherous 2,500-meter (8,202-foot) Piste de l'Ours in 1 minute, 41.13 seconds, to collect her seventh career

has won seven races in as many years on the World Cop circuit. "I like this type

"But still, a course like this one is still very difficult for technical skiers, for it can be hard to find the right line and master your skis to avoid a fatal mis-

The 1997 overall World Cup champion Pernilla Wiberg, still seeking her first victory of the season, settled for second, crossing in 1:41.55.

Wiberg, who labored through an injury-plagued campaign last season, was relieved with her second place. "This was so good for me," said Wiberg, who is aiming for a second

which I like. "I thought I might have a chance after the training runs, but it's very easy to make a mistake on a course like this and lose your line."

Bibiana Perez of Italy was the day's other surprise, finishing third behind Gerg in 1:41.63 for her first career downhill podium. The overall leader, Alexandra Meissnitzer, winner of four races this season, including back-to-back victories in Val d'Isere last week, placed fourth in 1:41.92.



Hilde Gerg racing to victory Friday in the World Cup downkill.

Are Supercharged Coyotes Losing Spark?

The Associated Press slow them down. The Phoenix Coyotes have lost two straight. "We don't really care what the media or anyone thinks, we're just

MHL ROUNDUP

heze to play," Coyotes defenseman Teppo Numminen said after a 3-2 loss Thursday night to the St. Louis Blues. "We can't panic here. We just have to go back to the simple plays that got us here."

The loss is newsworthy, though.
The Coyotes had only lost three
games in their first 24 while getting
off to a franchise best 17-3-4 start. Now they have not only lost two straight games, but are winless in three (0-2-1).

"We didn't have the energy to get it done," said Coyotes coach Jim Schoenfeld. "For the most part, I was thrilled with the effort. But

go as the host Blues ended a sixgame winless slump. Demitra leads the Blues with 15 goals, and has had four goals called back when teammates were caught in the crease. Marty Reasoner and Scott Pellerin

also scored for the Blues. Numminen and Rick Tocchet cored for the Coyotes.

Bruine 5, Senators 2 Ray Bourque tied Gordie Howe for third place in career assists with 1,049 and became just the 10th player to appear in 1,400 NHL games as Boston de-

eated visiting Ottawa. Bourque had two assists and now trails only Wayne Gretzky and Paul Coffey. The only other active players with 1,400 games are Gretzky and Larry Murphy.

Flyers 3, Flames 3 In Philadelphia Cory Stillman's power-play goal at 6:59 of the third period helped Calgary erase a pair of two-goal deficits

and tie the Flyers. Clarke Wilm and Jeff Shantz also seconds, to collect her seventh career was thrilled with the effort. But Clarke Wilm and Jeff Shantz also Angeles.

World Cup victory.

On a difficult, army course like this in We're, just a mixed group right. Syoboda, Mikael Renberg, and Mattean and Marco Sturm scored for the Flyers.

I one, it's clear that technical shoes were proved to the Flyers.

At a strong advantage, "gaid Garg, who is Pavol Demitras cored with 3/21 to -- Capitals 3, Blackhawks 4 Steve, over Nashville.

THERE'S SOMETHING

I SORT OF FEEL I

SHOULD TELL YOU.

Konowalchuk scored a power-play goal with 1:13 left in the game to snap a tie and help Washington break a four-game losing streak by

winning at Chicago. Peter Bondra put the puck into an empty net with 5.1 seconds for the Capitals, who also got a second-period goal from Sergei Gonchar. Dave Manson scored Chicago's goal.

Canucks 2, Avalanche 1 Adrian Aucoin scored a power-play goal with 2:15 left in regulation as Vancouver beat visiting Colorado.

Aucoin's shot banked in off Avalanche defenseman Greg De Vries' skate and into the open side as the Canucks beat the Avalanche for the first time in their last 10 visits to Vancouver.

Islanders 5, Kings 4 Ted Donato had two goals and Bryan Berard scored exactly two minutes into overtime as New York rallied from behind three times to win at Los

MAYBE HE'LL

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A GIFT

CERTIFICATE

Nothing Wrong With 14-1

After Upset Loss, Broncos Are Likely to Roll

By Thomas George New York Times Service

wer (13-1) at Miami (9-5) This Monday night match was supposed to be The Game, the one that would decide if the Broncos recorded an unbeaten regular season, but the New York Giants took care of that last week. Denver-Miami, however, still provides plenty to anticipate. It gives us ballyhooed quarterbacks in Denver's John Elway and Miami's Dan Marino, the only two passers in league history to have com-

piled 50,000 passing yards. It gives us the terrific running back Terrell Davis against a Miami defense that has

roars. Prediction: Broncos, 27-17. New York Jets (10-4) at Buffalo (9-5) The Jets hammered Buffalo, 34-12, back on Nov. 8 and shut down Doug Flutie while Vinny Testaverde soared (258 passing yards, three touchdowns). The roles will likely be reversed. Flutie will want this game badly and he will play with emotion and determination. But the game will probably be reduced to the running of Antowain Smith for the Bills and Curtis Martin for the Jets. Who wins that battle? Go with Martin. Jets, 23-21.

Tampa Bay (7-7) at Washington (5-9) Lately the Redskins are showing some life. Quarterback Trent Green has thrown 14 touchdown passes and only two interceptions in his last seven games. But Tampa Bay still has plenty to play for: a shot at the playoffs if it ends with consecutive victories. Buccaneers, 19-17.

Baltimore (5-9) at Chicago (3-11) The Ravens' season of high hopes has spiraled into despair. Of course, the Bears have known little but despair for consecutive seasons. This game could be full of mistakes; expect Baltimore to make a couple fewer, and that wins the game. Ravens, 28-23.

Kansas City (6-8) at New York Giants (6-8) Kansas City beat Dallas and the Giants beat

Cincinnati (2-12) at Pittsburgh (7-7) This this one. Comboys, 21-20. is the game for the Steelers when quar-terback Kordell Stewart rolls, when Jerome Bettis busts through the defense, when line-terback rating. Robert Smith is averaging is the game for the Steelers when quar-Bettis busts through the defense, when line-backer Jason Gildon adds to his team-high sack total and when Pittsburgh, for a game, feels good again. Steelers. 31-14.

St. Louis (4-10) at Carolina (2-12). The Rams upset New England and now feature Steve Bono at quarterback for the rest of the season, replacing the injured Tony Banks healthy and can play four quarters, the (knee). The Panthers cannot wait to get this Jaguars will make it fun. Without him, the season completed. Rams, 21-9.

Big game for New England. It loses and its playoff chances are hurt immeasurably. And it must play without quarterback Drew Bledsoe and with Scott Zolak as his replacement. This is a game the Patriots must win with defense. Patriots, 21-20.

NFL MATCHUPS

Tennessee (8-6) at Green Bay (9-5) The Oilers look at this as a supreme test in their quest for respect and for the playoffs. Brett Favre is the present, but Oilers' quarterback Steve McNair is the future. Oilers, 27-25.

Indianapolis (3-11) at Seattle [7-7] Scattle allowed just 8.7 points a game at home, where the Dolphins are 6-1 this season. It recent years. The Seahawks are better than their average record, and they show it for a game. Seahawks, 33-17.

Oakland (7-7) at San Diego (5-9) The visiting team in this matchup has won four of the last five meetings and nine of the last 12. Look for Chargers' tight end Freddie Jones and the team's defense to buck the trend. Chargers. 16-13.

inta (12-2) at Detroit (5-9) This game has "Win One for Dan Reeves" swirling all over it. Reeves, the Falcons' coach, could be released soon from an Atlanta hospital after undergoing quadruple bypass surgery. He will not be in Derroit for this game, but his players will and that is plenty. The Lions, a team with so many holes, continue to waste the special talent of Barry Sanders. Falcons, 23-17,

New Orleans (6-8) at Arizona (7-7) Arizona makes the playoffs if it wins, Tampa Bay loses and the Giants lose or tie. It would be the Cardinals' first playoff appearance in 16 years. That is an awfully long time and a great incentive to win.

And Arizona will, behind the running of Adrian Murrell (he needs 48 yards for his third consecutive 1,000-yard rushing season). Cardinals, 18-15.

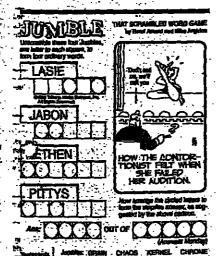
diadelphia (3-11) at Dallas (8-6) Footsteps. Dallas hears them. They have slipped to only a one-game lead over Arizona with Denver last week, so both teams enter on two to play. And Dallas's final two games high notes at a time when their identical are against divisional foes (the Eagles and records mean that their seasons have been Redskins) who know them well. Since Koy busts. Both teams won their divisions last year but now see tougher times. Momentum terback, Philadelphia has averaged 16.7 should swing the Giants' way, playing at points in three games; before that, it avhome. Giants. 24-21.

eraged 8.4 points. The Eagles might steal

4.7 yards a carry. Minnesota is averaging nearly 400 yards of offense a game. Randy Moss leads the NFL in receiving yards (1,209). John Randle leads the Vikings defense with 8.5 sacks. Minnesota is rolling. In come the Jaguars. If Mark Brunell is Vikings will make it ugly. Vikings, 30-20.

DENNIS THE MENACE





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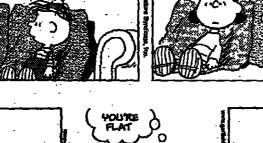
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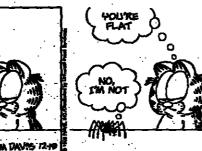
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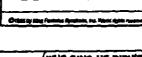






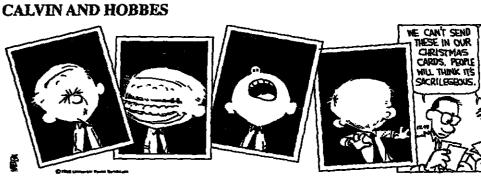












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DAVE BARRY

Open, Insert Backhoe

MIAMI — I was feeling pretty good when I went to see Stanley. Stanley is my dentist. I chose him because he meets the American Dental Association's single most important criterion for selecting a dental-care professional: He looks exactly like Willie Nelson.

If Stanley put on a headband and got on stage at a countrymusic concert, the audience members would absolutely believe that he was Willie Nelson, except that instead of telling them not to let their babies grow up to be cowboys, he would tell them to floss.

I usually feel good about going to see Stanley for my regular checkup, because he hardly ever finds anything wrong. What's my technique for achieving such excellent dental health? Simple: I don't let Stanley anywhere near my mouth. I happen to have a really, really, really sensitive gag reflex.

If anybody tries to put anything into my mouth, my body immediately goes into what the medical profession calls Ralph Mode. Everybody has a gag re-flex: It's a natural biological defense that your body has developed over the eons to protect you from the danger that people

Your right upper incisor has a small buildup of crab molt.

will sneak up when you're not paying attention and put unlaundered socks in your mouth.

Or - to pick the worst-case scenario - you're at the beach, you doze off lying on your back, and a crab climbs into your mouth and molts.

My gag reflex is so sensitive that it starts acting up pretty much the instant that Stanley walks into the dental ination room. He has to conduct the examination by sticking just his head through the doorway, asking me questions, and trying to catch a glimpse of my teeth and gums when I open my mouth to answer. So usually I escape from my checkup with only a few observations ("Your right upper incisor has a small buildup of crab molt, but we can take care of that another time") and no threat of major dental care. But this last time, Stanley, from across the room, was somehow able to spot something that caused him to say the most terrifying word in the English language: "periodontist." This word comes from the Greek words "periodont," meaning "guy," and "ist," meaning "who roots around in your mouth with what feels

Periodontists work on your gurns, which are a specialized type of tissue brilliantly designed by Mother Nature to keep the roots of your teeth safe and healthy from the day you are born until the day you turn approximately 23 years old, at which point Mother Nature apparently thinks you should

either die or switch to an all-grits diet.

My specific problem is that I have a receding gum line, which is similar to a receding hairline, except that, tragically, you cannot grow your side gums really long and comb them over the problem area.

So Stanley sent me to see a periodontist named Ron, who does not look like a major musical star, although he does like to sing along to the oldies songs on his office sound system. And thus I found myself lying in Ron's dental chair, my body as calm and relaxed as a bridge girder on a cold day, desperately trying to control my gag reflex while Ron leaned over

Thanks to anesthesia, I lost that lovin' feeling in my gums.

me, holding a scary implement in his hand and singing, with the Righteous Brothers, "You've lost that LOVIN' feeling, who-oa that LOVIN' feeling . . . '
Thanks to anesthesia, I had

lost that lovin' feeling in my gums, which is very fortunate because Ron — WARNING WARNING WARNING DO NOT READ THE END OF THIS SENTENCE - took a piece of tissue off the roof of my mouth and sewed it onto the receding-gum area. I'm wondering if this technique could be used on receding hairlines as well. Granted, balding men would look pretty silly with little pieces of mouth tissue sewn onto their heads. But that would still look more natural than a

I'm assuming that the tissue that Ron took off the roof of my mouth will grow back. But maybe not. Maybe I'll have to go to another health-care professional, who'll take a piece of tissue from somewhere ELSE and sew it on the roof of my mouth, and then send me to ANOTHER professional to replace THAT piece, and so on, with me being sent around the entire medical profession, like some kind of human chain letter, until all my tissue has been relocated to some other part of my body and I look like Jeff Goldblum at the end of "The This has me worried, as I sit here waiting for these painkillers to kick in. I hear they can have strong side effects,

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John Updike Struggles Against Inevitability

By David Streitfeld Washington Post Service

BOSTON — Thirty years ago, John Up-dike told Americans what they were doing under the covers, and they liked it. His novel "Couples" recounted in exalted prose the sexual intermingling of five husbands and five wives in the mythical town of Tarbox. "Welcome," declares one character, to the post-pill paradise."

This was sex as the new religion, as the only thrill left. People read it as a report from the field, wondering in amazement if their neighbors were really living such erotic lives. The novel, which delighted in descriptions of the oral act, created a sensation, became a No. 1 best-seller, was denounced as sensationalist. Updike made the cover of Time.

"I was trying to get at people's sexual behavior, give it a little more exposure," the author says. "Oral sex was part of high school sexual lore, underworld lore, prostitute lore, but it hadn't been mentioned in many novels you could get through book

He was a missionary, carrying on a bit of James Joyce and D.H. Lawrence. It was a they describe physical acts. The battle for sexual realism has been won.

For his part, Updike says he is more worried that no one reads him. His new collection of stories, "Bech at Bay," is grimly funny and, as always, wondrously written, but sales could not be described as brisk. He has got much more attention for trashing Tom Wolfe's new book.

At 66, his impending obsolescence pains him. "I go to a college to speak and am treated like a little king, get applauded at the end you'd be applauded no matter what you did up there. You get a lot of love that way, people line up with the used paperbacks to be signed. But you go into an airport bookstore on the way back and there's no Updike there. There's no Updike at all. I'm a vanished man, a nonentity as far as mass readership goes. I didn't used to always be.'

There was that moment with "Couples" when he had news, some new things to say. I'm not sure I have that now," he says.

He's in gray sweater, gray pants, a gray mood. He describes his life as "one ordeal after another." He refers to his "elderly bladder." Phrases like "when I was young"



determined daring in the great tradition of John Updike in Boston, appearing on the Christopher Lydon show.

ation for his next novel is proving scant. He talks about his fantasies of slugging critics Lydon, host of "The Connection."

An unabashed admirer, Lydon lovingly about "Rech at Bay" about

terview," he says with hope, "and at least I vouldn't have to go to the next one."
Writers whine all the time, but this is Up-

dike. No novelist in the country is as re-spected, acclaimed, even revered. For 40 years he has been a mainstay of The New Yorker. He writes for the premier intellectual journal, the New York Review of Books. He has won the Pulitzer, the National Book Award, the American Book Award, the National Book Critics Circle prize. His name is a perpetual rumor in Stockholm at Nobel Prize time. If anyone is the standard-bearer of American

literature at this moment, it is Updike.
"My God, I can't believe that," he says. He buries his face in his hands, as if to say: American literature is in big trouble. Part of his reputation stems from his omnipresence, his inevitability. Watch the volumes pile up: 18 novels and 12 short-story collections, plus essay collections thick as cinder blocks.

long time ago. Today, people no longer read and "in my youth" crop up. He says he is books like "Couples" or Philip Roth's going to quit reviewing, that ideas for short "Portnoy's Complaint" simply because stories come much more rarely, that inspir
Updike starts this day at a radio station, Updike starts this day at a radio station,

quotes a sentence from "Bech at Bay" about two professors at a party, one tall and one short, "who insisted on huddling tete-a-tete, like the letter 'f' ligatured to the letter 'i."

'When you write a line like that,' Lydon says, "I presume you call out to your wife and say, 'Listen, this is what I just did, I'm going out to play a game of golf. I've done my work for the day."

Any author likes to hear stuff like this, but Updike feels he has been interviewed a little too often. "Bech at Bay," told from the point of view of a novelist who is all things Updike is not, or at least not yet — Jewish, chronically blocked, a bachelor, a New Yorker and finally an unexpected Nobel winner - is an opportunity for the novelist to let down his hair a bit, to zing the writing life, including the ubiquitous book chat folk.

"I do a lot of complaining in this book about the degree of publicity that writers are asked to do for themselves now," he admits to Then there's poetry, children's books, memoirs and a play. The trouble with all this into a sort of sales placard for his work." Lydon. "What a pity it is to turn every-writer

Does he ever think he might run out of

"Maybe it's happening, even as we st here. I can feel it happening. The words at

draining out of me.' He's joking again. But the longer Updike talks the more his sense of humor seems to return. This is the real person. He is well known for being pleasant, accommodating. If you have his number, you can call him and he'll answer. Try that with Philip Roth.

Meanwhile, literary feuds are alive and well. Or maybe they're just easier for the media to deal with. Thus we're being treated to the spectacle of Tom Wolfe vs. Updike, with Norman Mailer a late addition on the Updike team. Neither Updike nor Mailer exactly showered Wolfe's new novel. "A Man in Full," with unstinting praise, although the latter's evaluation, in the New York Review, was so overwrought it was sometimes hard to tell what he meant. (Sample passage: "Reading the work can even be said to resemble the act of making love to a 300-pound woman. Once she gets on top, it's over.")

Were these reviews motivated by jean.

ousy? Wolfe would have you think so, telling one interviewer, disingenuously, that "people keep suggesting [Updike] went after my book because his own had just tanked. I don't believe that." He told another; that Mailer's and Updike's recent works. 'have been sinking without a bubble."

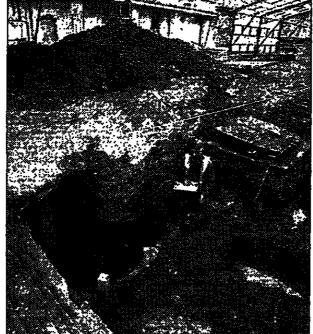
Wolfe is clearly hypersensitive to criticism. But then, so is Updike. "I've never hit a critic," he says, "though I thought it would be a nice and honorable thing to do. After all, they're hitting you."
In "Bech at Bay," the aging novelist takes

to murdering the critics who have roughed him up. "Violence is our poetry now," he proclaims, "now that sex has become fatally tainted." As Updike said on the radio: "One

reviewer or firee wouldn't be awfully missed if they did happen to drop dead."

And yet "Bech at Bay" has won accolades. ("Brilliant" — New York Reviewed "Irresistible" — Boston Globe. "Yon" love it" — Wall Street Journal.) Don't they count? Not really. "When you get a favorable review you think in some way you've conned that poor reviewer. I think art begins as a child doing something on the floor with crayons, and the mother or father tells them how wonderful it is. It's a shock when you begin to publish books and the reaction isn't universally the same way -because you worked harder on the book than you did on those crayon drawings."

PEOPLE



New Roman ruins have been unearthed in London.

RCHAEOLOGISTS have unearthed two significant ARCHAEOLOGISTS have uncarried two against Appeces of Roman history in London — the foundations of a massive arch and a wide river channel, long buried in the heart of the capital. "The foundations of the arch date back to the first or second century A.D. and are evidence that Roman London was a wealthy and sophisticated place," Bruce Watson said Thursday, when he and colleagues from the Museum of London announced the discoveries. The museum said the river channel may have influenced the location of the city, which the Romans occupied for about 400 years before departing in the fifth century.

A stagehand has filed a \$3 million lawsuit against the pop group Backstreet Boys, contending he was injured by a 50pound cannon - a stage prop that fires confetti- that fell on oking backstage during a cond Virginia. Michael Barrett is seeking damages from the fivemember group for injuries and emotional distress. A spokeswoman for the group did not return messages seeking a

The mother of Diana, Princess of Wales, lashed out at conspiracy theorists who want to believe her daughter's death was more than a tragic accident, saying the pain they cause is like "having repetitive major emotional surgery without an anesthetic," a British tabloid reported Friday. "I trawled the not his parents.

depths of my imagination, alongside extensive factual knowledge, and found no shred of evidence to support the stories, Frances Shand Kydd was quoted as saying in the Daily Mail. She spoke Thursday at a remembrance service for families of deceased children at St. George's Cathedral in south London. the newspaper said.

After a year of marriage, Peter Jennings is thinking about children. Jennings, the 60-year-old anchor of "World Newly Tonight," is married to Kayce Freed, a producer on the news program "20/20." "Kayce is 40. It would be inappropriate, to say the least, to marry a younger woman and not have thought about it," Jennings told TV Guide. "If Kayce wants to, why shouldn't I?"

U.S. marshals have seized several items from the home of Michael Jackson's father. The seizures are an attempt to collect a \$1.3 million judgment entered in 1996 after Jackson Communications Inc. filed bankruptcy in New Jersey. Taken from Joe Jackson's home in Encino, California, on Thursday. were a baby grand piano Michael used to write songs for the "Thriller" album and a 1963 Rolls Royce Silver Cloud. HVV Corp. contends Jackson Communications agreed to buy Kramer Guitar Co. from it but never paid. A lawyer for the Jackson family said the piano and the car belong to Michael,



out of the blue

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